



General Assembly

January Session, 2001

Raised Bill No. 1226

LCO No. 3720

Referred to Committee on Judiciary

Introduced by:
(JUD)

***AN ACT ADOPTING REVISED ARTICLE 9 OF THE UNIFORM
COMMERCIAL CODE CONCERNING SECURED TRANSACTIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 42a-9-101 of the general statutes is repealed and
2 the following is substituted in lieu thereof:

3 This article [shall be known and] may be cited as "Uniform
4 Commercial Code-Secured Transactions".

5 Sec. 2. Section 42a-9-102 of the general statutes is repealed and the
6 following is substituted in lieu thereof:

7 [(1) Except as otherwise provided in section 42a-9-104 on excluded
8 transactions, this article applies (a) to any transaction, regardless of its
9 form, which is intended to create a security interest in personal
10 property or fixtures including goods, documents, instruments, general
11 intangibles, chattel paper or accounts; and also (b) to any sale of
12 accounts or chattel paper.

13 (2) This article applies to security created by contract including
14 pledge, assignment, chattel mortgage, chattel trust, trust deed, factor's

15 lien, equipment trust, conditional sale, trust receipt, other lien or title
16 retention contract and lease or consignment intended as security. This
17 article does not apply to statutory liens except as provided in section
18 42a-9-310.

19 (3) The application of this article to a security interest in a secured
20 obligation is not affected by the fact that the obligation is itself secured
21 by a transaction or interest to which this article does not apply.]

22 (a) In this article:

23 (1) "Accession" means goods that are physically united with other
24 goods in such a manner that the identity of the original goods is not
25 lost.

26 (2) "Account", except as used in "account for", means a right to
27 payment of a monetary obligation, whether or not earned by
28 performance, (i) for property that has been or is to be sold, leased,
29 licensed, assigned or otherwise disposed of, (ii) for services rendered
30 or to be rendered, (iii) for a policy of insurance issued or to be issued,
31 (iv) for a secondary obligation incurred or to be incurred, (v) for
32 energy provided or to be provided, (vi) for the use or hire of a vessel
33 under a charter or other contract, (vii) arising out of the use of a credit
34 or charge card or information contained on or for use with the card, or
35 (viii) as winnings in a lottery or other game of chance operated or
36 sponsored by a state, governmental unit of a state or person licensed or
37 authorized to operate the game by a state or governmental unit of a
38 state. The term includes health-care-insurance receivables. The term
39 does not include (i) rights to payment evidenced by chattel paper or an
40 instrument, (ii) commercial tort claims, (iii) deposit accounts, (iv)
41 investment property, (v) letter-of-credit rights or letters of credit, or (vi)
42 rights to payment for money or funds advanced or sold, other than
43 rights arising out of the use of a credit or charge card or information
44 contained on or for use with the card.

45 (3) "Account debtor" means a person obligated on an account,

46 chattel paper or general intangible.

47 The term does not include persons obligated to pay a negotiable
48 instrument, even if the instrument constitutes part of chattel paper.

49 (4) "Accounting", except as used in "accounting for", means a record:

50 (A) Authenticated by a secured party;

51 (B) Indicating the aggregate unpaid secured obligations as of a date
52 not more than thirty-five days earlier or thirty-five days later than the
53 date of the record; and

54 (C) Identifying the components of the obligations in reasonable
55 detail.

56 (5) "Agricultural lien" means an interest, other than a security
57 interest, in farm products:

58 (A) Which secures payment or performance of an obligation for:

59 (i) Goods or services furnished in connection with a debtor's
60 farming operation; or

61 (ii) Rent on real property leased by a debtor in connection with its
62 farming operation;

63 (B) Which is created by statute in favor of a person that:

64 (i) In the ordinary course of its business furnished goods or services
65 to a debtor in connection with a debtor's farming operation; or

66 (ii) Leased real property to a debtor in connection with the debtor's
67 farming operation; and

68 (C) Whose effectiveness does not depend on the person's possession
69 of the personal property.

70 (6) "As-extracted collateral" means:

71 (A) Oil, gas or other minerals that are subject to a security interest
72 that:

73 (i) Is created by a debtor having an interest in the minerals before
74 extraction; and

75 (ii) Attaches to the minerals as extracted; or

76 (B) Accounts arising out of the sale at the wellhead or minehead of
77 oil, gas or other minerals in which the debtor had an interest before
78 extraction.

79 (7) "Authenticate" means:

80 (A) To sign; or

81 (B) To execute or otherwise adopt a symbol, or encrypt or similarly
82 process a record in whole or in part, with the present intent of the
83 authenticating person to identify the person and adopt or accept a
84 record.

85 (8) "Bank" means an organization that is engaged in the business of
86 banking. The term includes savings banks, savings and loan
87 associations, credit unions and trust companies.

88 (9) "Cash proceeds" means proceeds that are money, checks, deposit
89 accounts or the like.

90 (10) "Certificate of title" means a certificate of title with respect to
91 which a statute provides for the security interest in question to be
92 indicated on the certificate as a condition or result of the security
93 interest's obtaining priority over the rights of a lien creditor with
94 respect to the collateral.

95 (11) "Chattel paper" means a record or records that evidence both a
96 monetary obligation and a security interest in specific goods, a security
97 interest in specific goods and software used in the goods, a security
98 interest in specific goods and license of software used in the goods, a

99 lease of specific goods, or a lease of specific goods and license of
100 software used in the goods. In this subdivision, "monetary obligation"
101 means a monetary obligation secured by the goods or owed under a
102 lease of the goods and includes a monetary obligation with respect to
103 software used in the goods. The term does not include (i) charters or
104 other contracts involving the use or hire of a vessel, or (ii) records that
105 evidence a right to payment arising out of the use of a credit or charge
106 card or information contained on or for use with the card. If a
107 transaction is evidenced by records that include an instrument or series
108 of instruments, the group of records taken together constitutes chattel
109 paper.

110 (12) "Collateral" means the property subject to a security interest or
111 agricultural lien. The term includes:

112 (A) Proceeds to which a security interest attaches;

113 (B) Accounts, chattel paper, payment intangibles and promissory
114 notes that have been sold; and

115 (C) Goods that are the subject of a consignment.

116 (13) "Commercial tort claim" means a claim arising in tort with
117 respect to which:

118 (A) The claimant is an organization; or

119 (B) The claimant is an individual and the claim:

120 (i) Arose in the course of the claimant's business or profession; and

121 (ii) Does not include damages arising out of personal injury to or the
122 death of an individual.

123 (14) "Commodity account" means an account maintained by a
124 commodity intermediary in which a commodity contract is carried for
125 a commodity customer.

126 (15) "Commodity contract" means a commodity futures contract, an
127 option on a commodity futures contract, a commodity option or
128 another contract if the contract or option is:

129 (A) Traded on or subject to the rules of a board of trade that has
130 been designated as a contract market for such a contract pursuant to
131 federal commodities laws; or

132 (B) Traded on a foreign commodity board of trade, exchange or
133 market, and is carried on the books of a commodity intermediary for a
134 commodity customer.

135 (16) "Commodity customer" means a person for which a commodity
136 intermediary carries a commodity contract on its books.

137 (17) "Commodity intermediary" means a person that:

138 (A) Is registered as a futures commission merchant under federal
139 commodities law; or

140 (B) In the ordinary course of its business provides clearance or
141 settlement services for a board of trade that has been designated as a
142 contract market pursuant to federal commodities law.

143 (18) "Communicate" means:

144 (A) To send a written or other tangible record;

145 (B) To transmit a record by any means agreed upon by the persons
146 sending and receiving the record; or

147 (C) In the case of transmission of a record to or by a filing office, to
148 transmit a record by any means prescribed by filing-office rule.

149 (19) "Consignee" means a merchant to which goods are delivered in
150 a consignment.

151 (20) "Consignment" means a transaction, regardless of its form, in

152 which a person delivers goods to a merchant for the purpose of sale
153 and:

154 (A) The merchant:

155 (i) Deals in goods of that kind under a name other than the name of
156 the person making delivery;

157 (ii) Is not an auctioneer; and

158 (iii) Is not generally known by its creditors to be substantially
159 engaged in selling the goods of others;

160 (B) With respect to each delivery, the aggregate value of the goods is
161 one thousand dollars or more at the time of delivery;

162 (C) The goods are not consumer goods immediately before delivery;
163 and

164 (D) The transaction does not create a security interest that secures an
165 obligation.

166 (21) "Consignor" means a person that delivers goods to a consignee
167 in a consignment.

168 (22) "Consumer debtor" means a debtor in a consumer transaction.

169 (23) "Consumer goods" means goods that are used or bought for use
170 primarily for personal, family or household purposes.

171 (24) "Consumer-goods transaction" means a consumer transaction in
172 which:

173 (A) An individual incurs an obligation primarily for personal,
174 family or household purposes; and

175 (B) A security interest in consumer goods secures the obligation.

176 (25) "Consumer obligor" means an obligor who is an individual and

177 who incurred the obligation as part of a transaction entered into
178 primarily for personal, family or household purposes.

179 (26) "Consumer transaction" means a transaction in which (i) an
180 individual incurs an obligation primarily for personal, family or
181 household purposes, (ii) a security interest secures the obligation, and
182 (iii) the collateral is held or acquired primarily for personal, family or
183 household purposes. The term includes consumer-goods transactions.

184 (27) "Continuation statement" means an amendment of a financing
185 statement which:

186 (A) Identifies, by its file number or, in the case of a recording with a
187 filing office described in subdivision (1) of subsection (a) of section
188 42a-9-501, as amended by this act, by book and page number, the
189 initial financing statement to which it relates; and

190 (B) Indicates that it is a continuation statement for, or that it is filed
191 to continue the effectiveness of, the identified financing statement.

192 (28) "Debtor" means:

193 (A) A person having an interest, other than a security interest or
194 other lien, in the collateral, whether or not the person is an obligor;

195 (B) A seller of accounts, chattel paper, payment intangibles or
196 promissory notes; or

197 (C) A consignee.

198 (29) "Deposit account" means a demand, time, savings, passbook or
199 similar account maintained with a bank. The term does not include
200 investment property or accounts evidenced by an instrument.

201 (30) "Document" means a document of title or a receipt of the type
202 described in subsection (2) of section 42a-7-201.

203 (31) "Electronic chattel paper" means chattel paper evidenced by a

204 record or records consisting of information stored in an electronic
205 medium.

206 (32) "Encumbrance" includes real property mortgages and other
207 liens on real property and all other rights in real property that are not
208 ownership interests.

209 (33) "Equipment" means goods other than inventory, farm products
210 or consumer goods.

211 (34) "Farm products" means goods, other than standing timber, with
212 respect to which the debtor is engaged in a farming operation and
213 which are:

214 (A) Crops grown, growing or to be grown, including:

215 (i) Crops produced on trees, vines and bushes; and

216 (ii) Aquatic goods produced in aquacultural operations;

217 (B) Livestock, born or unborn, including aquatic goods produced in
218 aquacultural operations;

219 (C) Supplies used or produced in a farming operation; or

220 (D) Products of crops or livestock in their unmanufactured states.

221 (35) "Farming operation" means raising, cultivating, propagating,
222 fattening, grazing or any other farming, livestock or aquacultural
223 operation.

224 (36) "File number" means the number assigned to an initial
225 financing statement pursuant to subsection (a) of section 90 of this act.

226 (37) "Filing office" means an office designated in section 42a-9-501,
227 as amended by this act, as the place to file a financing statement.

228 (38) "Filing-office regulation" means a regulation adopted pursuant
229 to section 97 of this act.

230 (39) "Financing statement" means a record or records composed of
231 an initial financing statement and any filed record relating to the initial
232 financing statement.

233 (40) "Fixture filing" means the filing of a financing statement
234 covering goods that are or are to become fixtures and satisfying
235 subsections (a) and (b) of section 42a-9-502, as amended by this act.
236 The term includes the filing of a financing statement covering goods of
237 a transmitting utility which are or are to become fixtures.

238 (41) "Fixtures" means goods that have become so related to
239 particular real property that an interest in them arises under real
240 property law.

241 (42) "General intangible" means any personal property, including
242 things in action, other than accounts, chattel paper, commercial tort
243 claims, deposit accounts, documents, goods, instruments, investment
244 property, letter-of-credit rights, letters of credit, money and oil, gas or
245 other minerals before extraction. The term includes payment
246 intangibles and software.

247 (43) "Good faith" means honesty in fact and the observance of
248 reasonable commercial standards of fair dealing.

249 (44) "Goods" means all things that are movable when a security
250 interest attaches. The term includes (i) fixtures, (ii) standing timber that
251 is to be cut and removed under a conveyance or contract for sale, (iii)
252 the unborn young of animals, (iv) crops grown, growing or to be
253 grown, even if the crops are produced on trees, vines or bushes, and
254 (v) manufactured homes. The term also includes a computer program
255 embedded in goods and any supporting information provided in
256 connection with a transaction relating to the program if (i) the program
257 is associated with the goods in such a manner that it customarily is
258 considered part of the goods, or (ii) by becoming the owner of the
259 goods, a person acquires a right to use the program in connection with
260 the goods. The term does not include a computer program embedded

261 in goods that consist solely of the medium in which the program is
262 embedded. The term also does not include accounts, chattel paper,
263 commercial tort claims, deposit accounts, documents, general
264 intangibles, instruments, investment property, letter-of-credit rights,
265 letters of credit, money or oil, gas or other minerals before extraction.

266 (45) "Governmental unit" means a subdivision, agency, department,
267 county, parish, municipality, or other unit of the government of the
268 United States, a state or a foreign country. The term includes an
269 organization having a separate corporate existence if the organization
270 is eligible to issue debt on which interest is exempt from income
271 taxation under the laws of the United States.

272 (46) "Health-care-insurance receivable" means an interest in or claim
273 under a policy of insurance which is a right to payment of a monetary
274 obligation for health-care goods or services provided.

275 (47) "Instrument" means a negotiable instrument or any other
276 writing that evidences a right to the payment of a monetary obligation,
277 is not itself a security agreement or lease and is of a type that in
278 ordinary course of business is transferred by delivery with any
279 necessary endorsement or assignment. The term does not include (i)
280 investment property, (ii) letters of credit, or (iii) writings that evidence
281 a right to payment arising out of the use of a credit or charge card or
282 information contained on or for use with the card.

283 (48) "Inventory" means goods, other than farm products, which:

284 (A) Are leased by a person as lessor;

285 (B) Are held by a person for sale or lease or to be furnished under a
286 contract of service;

287 (C) Are furnished by a person under a contract of service; or

288 (D) Consist of raw materials, work in process or materials used or
289 consumed in a business.

290 (49) "Investment property" means a security, whether certificated or
291 uncertificated, security entitlement, securities account, commodity
292 contract or commodity account.

293 (50) "Jurisdiction of organization", with respect to a registered
294 organization, means the jurisdiction under whose law the organization
295 is organized.

296 (51) "Letter-of-credit right" means a right to payment or
297 performance under a letter of credit, whether or not the beneficiary has
298 demanded or is at the time entitled to demand payment or
299 performance. The term does not include the right of a beneficiary to
300 demand payment or performance under a letter of credit.

301 (52) "Lien creditor" means:

302 (A) A creditor that has acquired a lien on the property involved by
303 attachment, levy or the like;

304 (B) An assignee for benefit of creditors from the time of assignment;

305 (C) A trustee in bankruptcy from the date of the filing of the
306 petition; or

307 (D) A receiver in equity from the time of appointment.

308 (53) "Manufactured home" means a "mobile manufactured home" as
309 defined in section 21-64.

310 (54) "Manufactured-home transaction" means a secured transaction:

311 (A) That creates a purchase-money security interest in a
312 manufactured home, other than a manufactured home held as
313 inventory; or

314 (B) In which a manufactured home, other than a manufactured
315 home held as inventory, is the primary collateral.

316 (55) "Mortgage" means a consensual interest in real property,
317 including fixtures, which secures payment or performance of an
318 obligation.

319 (56) "New debtor" means a person that becomes bound as debtor
320 under subsection (d) of section 42a-9-203, as amended by this act, by a
321 security agreement previously entered into by another person.

322 (57) "New value" means (i) money, (ii) money's worth in property,
323 services or new credit, or (iii) release by a transferee of an interest in
324 property previously transferred to the transferee. The term does not
325 include an obligation substituted for another obligation.

326 (58) "Noncash proceeds" means proceeds other than cash proceeds.

327 (59) "Obligor" means a person that, with respect to an obligation
328 secured by a security interest in or an agricultural lien on the collateral,
329 (i) owes payment or other performance of the obligation, (ii) has
330 provided property other than the collateral to secure payment or other
331 performance of the obligation, or (iii) is otherwise accountable in
332 whole or in part for payment or other performance of the obligation.
333 The term does not include issuers or nominated persons under a letter
334 of credit.

335 (60) "Original debtor", except as used in subsection (c) of section
336 42a-9-310, as amended by this act, means a person that, as debtor,
337 entered into a security agreement to which a new debtor has become
338 bound under subsection (d) of section 42a-9-203, as amended by this
339 act.

340 (61) "Payment intangible" means a general intangible under which
341 the account debtor's principal obligation is a monetary obligation.

342 (62) "Person related to", with respect to an individual, means:

343 (A) The spouse of the individual;

344 (B) A brother, brother-in-law, sister or sister-in-law of the individual;

345 (C) An ancestor or lineal descendant of the individual or the
346 individual's spouse; or

347 (D) Any other relative, by blood or marriage, of the individual or the
348 individual's spouse who shares the same home with the individual.

349 (63) "Person related to", with respect to an organization, means:

350 (A) A person directly or indirectly controlling, controlled by or
351 under common control with the organization;

352 (B) An officer or director of, or a person performing similar
353 functions with respect to, the organization;

354 (C) An officer or director of, or a person performing similar
355 functions with respect to, a person described in subparagraph (A);

356 (D) The spouse of an individual described in subparagraph (A), (B)
357 or (C); or

358 (E) An individual who is related by blood or marriage to an
359 individual described in subparagraph (A), (B), (C) or (D) and shares
360 the same home with the individual.

361 (64) "Proceeds", except as used in subsection (b) of section 106 of this
362 act, means the following property:

363 (A) Whatever is acquired upon the sale, lease, license, exchange or
364 other disposition of collateral;

365 (B) Whatever is collected on, or distributed on account of, collateral;

366 (C) Rights arising out of collateral;

367 (D) To the extent of the value of collateral, claims arising out of the
368 loss, nonconformity or interference with the use of, defects or
369 infringement of rights in, or damage to, the collateral; or

370 (E) To the extent of the value of collateral and to the extent payable
371 to the debtor or the secured party, insurance payable by reason of the
372 loss or nonconformity of, defects or infringement of rights in, or
373 damage to, the collateral.

374 (65) "Promissory note" means an instrument that evidences a
375 promise to pay a monetary obligation, does not evidence an order to
376 pay and does not contain an acknowledgment by a bank that the bank
377 has received for deposit a sum of money or funds.

378 (66) "Proposal" means a record authenticated by a secured party
379 which includes the terms on which the secured party is willing to
380 accept collateral in full or partial satisfaction of the obligation it secures
381 pursuant to sections 117, 118 and 119 of this act.

382 (67) "Public-finance transaction" means a secured transaction in
383 connection with which:

384 (A) Debt securities are issued;

385 (B) All or a portion of the securities issued have an initial stated
386 maturity of at least twenty years; and

387 (C) The debtor, obligor, secured party, account debtor or other
388 person obligated on collateral, assignor or assignee of a secured
389 obligation or assignor or assignee of a security interest is a state or a
390 governmental unit of a state.

391 (68) "Pursuant to commitment", with respect to an advance made or
392 other value given by a secured party, means pursuant to the secured
393 party's obligation, whether or not a subsequent event of default or
394 other event not within the secured party's control has relieved or may
395 relieve the secured party from its obligation.

396 (69) "Record", except as used in "for record", "of record", "record or
397 legal title" and "record owner", means information that is inscribed on
398 a tangible medium or which is stored in an electronic or other medium

399 and is retrievable in perceivable form.

400 (70) "Registered organization" means an organization organized
401 solely under the law of a single state or the United States and as to
402 which the state or the United States must maintain a public record
403 showing the organization to have been organized.

404 (71) "Secondary obligor" means an obligor to the extent that:

405 (A) The obligor's obligation is secondary; or

406 (B) The obligor has a right of recourse with respect to an obligation
407 secured by collateral against the debtor, another obligor or property of
408 either.

409 (72) "Secured party" means:

410 (A) A person in whose favor a security interest is created or
411 provided for under a security agreement, whether or not any
412 obligation to be secured is outstanding;

413 (B) A person that holds an agricultural lien;

414 (C) A consignor;

415 (D) A person to which accounts, chattel paper, payment intangibles
416 or promissory notes have been sold;

417 (E) A trustee, indenture trustee, agent, collateral agent or other
418 representative in whose favor a security interest or agricultural lien is
419 created or provided for; or

420 (F) A person that holds a security interest arising under section 42a-
421 2-401, section 42a-2-505, subsection (3) of section 42a-2-711, section 42a-
422 4-210 or section 42a-5-118, as amended by this act.

423 (73) "Security agreement" means an agreement that creates or
424 provides for a security interest.

425 (74) "Send", in connection with a record or notification, means:

426 (A) To deposit in the mail, deliver for transmission or transmit by
427 any other usual means of communication, with postage or cost of
428 transmission provided for, addressed to any address reasonable under
429 the circumstances; or

430 (B) To cause the record or notification to be received within the time
431 that it would have been received if properly sent under subparagraph
432 (A).

433 (75) "Software" means a computer program and any supporting
434 information provided in connection with a transaction relating to the
435 program. The term does not include a computer program that is
436 included in the definition of goods.

437 (76) "State" means a state of the United States, the District of
438 Columbia, Puerto Rico, the United States Virgin Islands or any
439 territory or insular possession subject to the jurisdiction of the United
440 States.

441 (77) "Supporting obligation" means a letter-of-credit right or
442 secondary obligation that supports the payment or performance of an
443 account, chattel paper, a document, a general intangible, an instrument
444 or investment property.

445 (78) "Tangible chattel paper" means chattel paper evidenced by a
446 record or records consisting of information that is inscribed on a
447 tangible medium.

448 (79) "Termination statement" means an amendment of a financing
449 statement which:

450 (A) Identifies, by its file number or, in the case of a recording with a
451 filing office described in subdivision (1) of subsection (a) of section
452 42a-9-501, as amended by this act, by book and page number, the
453 initial financing statement to which it relates; and

454 (B) Indicates either that it is a termination statement or that the
455 identified financing statement is no longer effective.

456 (80) "Transmitting utility" means a person primarily engaged in the
457 business of:

458 (A) Operating a railroad, subway, street railway or trolley bus;

459 (B) Transmitting communications electrically, electromagnetically or
460 by light;

461 (C) Transmitting goods by pipeline or sewer; or

462 (D) Transmitting or producing and transmitting electricity, steam,
463 gas or water.

464 (b) The following definitions in other articles apply to this article:

465 "Applicant". Section 42a-5-102.

466 "Beneficiary". Section 42a-5-102.

467 "Broker". Section 42a-8-102.

468 "Certificated security". Section 42a-8-102.

469 "Check". Section 42a-3-104.

470 "Clearing corporation". Section 42a-8-102.

471 "Contract for sale". Section 42a-2-106.

472 "Customer". Section 42a-4-104.

473 "Entitlement holder". Section 42a-8-102.

474 "Financial asset". Section 42a-8-102.

475 "Holder in due course". Section 42a-3-302.

476 "Issuer" (with respect to a letter of credit or letter-of-credit right). Section 42a-5-102.

477 "Issuer" (with respect to a security). Section 42a-8-201.

478 "Letter of credit". Section 42a-5-102.

479 "Merchant". Section 42a-2-104.

480 "Negotiable instrument". Section 42a-3-104.

481 "Nominated person". Section 42a-5-102.

482 "Note". Section 42a-3-104.

483 "Proceeds of a letter of credit". Section 42a-5-114.

484 "Prove". Section 42a-3-103.

485 "Sale". Section 42a-2-106.

486 "Securities account". Section 42a-8-501.

487 "Securities intermediary". Section 42a-8-102.

488 "Security". Section 42a-8-102.

489 "Security certificate". Section 42a-8-102.

490 "Security entitlement". Section 42a-8-102.

491 "Uncertificated security". Section 42a-8-102.

492 (c) Article 1 contains general definitions and principles of
493 construction and interpretation applicable throughout this article.

494 Sec. 3. Section 42a-9-103a of the general statutes is repealed and the
495 following is substituted in lieu thereof:

496 [(1) (a) This subsection applies to documents, instruments, rights to
497 proceeds of written letters of credit and goods other than those

498 covered by a certificate of title described in subsection (2), mobile
499 goods described in subsection (3), and minerals described in
500 subsection (5); (b) except as otherwise provided in this subsection,
501 perfection and the effect of perfection or nonperfection of a security
502 interest in collateral are governed by the law of the jurisdiction where
503 the collateral is when the last event occurs on which is based the
504 assertion that the security interest is perfected or unperfected; (c) if the
505 parties to a transaction creating a purchase money security interest in
506 goods in one jurisdiction understand at the time that the security
507 interest attaches that the goods will be kept in another jurisdiction,
508 then the law of the other jurisdiction governs the perfection and the
509 effect of perfection or nonperfection of the security interest from the
510 time it attaches until thirty days after the debtor receives possession of
511 the goods and thereafter if the goods are taken to the other jurisdiction
512 before the end of the thirty-day period; (d) when collateral is brought
513 into and kept in this state while subject to a security interest perfected
514 under the law of the jurisdiction from which the collateral was
515 removed, the security interest remains perfected, but if action is
516 required by part 3 of this article to perfect the security interest, (i) if
517 such action is not taken before the expiration of the period of
518 perfection in the other jurisdiction or the end of four months after the
519 collateral is brought into this state, whichever period first expires, the
520 security interest becomes unperfected at the end of that period and is
521 thereafter deemed to have been unperfected as against a person who
522 became a purchaser after removal; (ii) if such action is taken before the
523 expiration of the period specified in subparagraph (i), the security
524 interest continues perfected thereafter; (iii) for the purpose of priority
525 over a buyer of consumer goods as provided in subsection (2) of
526 section 42a-9-307, the period of the effectiveness of a filing in the
527 jurisdiction from which the collateral is removed is governed by the
528 rules with respect to perfection in subparagraphs (i) and (ii) of this
529 subsection.

530 (2) (a) Subsection (2) applies to goods covered by a certificate of title
531 issued under a statute of this state or of another jurisdiction under the

532 law of which indication of a security interest on the certificate is
533 required as a condition of perfection; (b) except as otherwise provided
534 in this subsection, perfection and the effect of perfection or
535 nonperfection of the security interest are governed by the law,
536 including the conflict of laws rules, of the jurisdiction issuing the
537 certificate until four months after the goods are removed from that
538 jurisdiction and thereafter until the goods are registered in another
539 jurisdiction, but in any event not beyond surrender of the certificate.
540 After the expiration of such period, the goods are not covered by the
541 certificate of title within the meaning of this section; (c) except with
542 respect to the rights of a buyer described in subdivision (d), a security
543 interest, perfected in another jurisdiction otherwise than by notation
544 on a certificate of title, in goods brought into this state and thereafter
545 covered by a certificate of title issued by this state is subject to the rules
546 stated in subdivision (d) of subsection (1) of this section; (d) if goods
547 are brought into this state while a security interest therein is perfected
548 in any manner under the law of the jurisdiction from which the goods
549 are removed and a certificate of title is issued by this state and the
550 certificate does not show that the goods are subject to the security
551 interest or that they may be subject to security interests not shown on
552 the certificate, the security interest is subordinate to the rights of a
553 buyer of the goods who is not in the business of selling goods of that
554 kind to the extent that he gives value and receives delivery of the
555 goods after issuance of the certificate and without knowledge of the
556 security interest.

557 (3) (a) Subsection (3) applies to accounts, other than an account
558 described in subsection (5) of this section on minerals, and general
559 intangibles, other than certificated securities and to goods which are
560 mobile and which are of a type normally used in more than one
561 jurisdiction, such as motor vehicles, trailers, rolling stock, airplanes,
562 shipping containers, road building and construction machinery and
563 commercial harvesting machinery and the like, if the goods are
564 equipment or are inventory leased or held for lease by the debtor to
565 others, and are not covered by a certificate of title described in

566 subsection (2) of this section; (b) the law, including the conflict of laws
 567 rules, of the jurisdiction in which the debtor is located governs the
 568 perfection and the effect of perfection or nonperfection of the security
 569 interest; (c) if, however, the debtor is located in a jurisdiction which is
 570 not a part of the United States, and which does not provide for
 571 perfection of the security interest by filing or recording in that
 572 jurisdiction, the law of the jurisdiction in the United States in which
 573 the debtor has its major executive office in the United States governs
 574 the perfection and the effect of perfection or nonperfection of the
 575 security interest through filing. In the alternative, if the debtor is
 576 located in a jurisdiction which is not a part of the United States or
 577 Canada and the collateral is accounts or general intangibles for money
 578 due or to become due, the security interest may be perfected by
 579 notification to the account debtor. As used in this subdivision, "United
 580 States" includes its territories and possessions and the Commonwealth
 581 of Puerto Rico; (d) a debtor shall be deemed located at his place of
 582 business if he has one, at his chief executive office if he has more than
 583 one place of business, otherwise at his residence. If, however, the
 584 debtor is a foreign air carrier under the Federal Aviation Act of 1958, as
 585 amended, it shall be deemed located at the designated office of the
 586 agent upon whom service of process may be made on behalf of the
 587 foreign air carrier; (e) a security interest perfected under the law of the
 588 jurisdiction of the location of the debtor is perfected until the
 589 expiration of four months after a change of the debtor's location to
 590 another jurisdiction, or until perfection would have ceased by the law
 591 of the first jurisdiction, whichever period first expires. Unless perfected
 592 in the new jurisdiction before the end of that period, it becomes
 593 unperfected thereafter and is deemed to have been unperfected as
 594 against a person who became a purchaser after the change.

595 (4) The rules stated for goods in subsection (1) of this section apply
 596 to a possessory security interest in chattel paper. The rules stated for
 597 accounts in subsection (3) of this section apply to a nonpossessory
 598 security interest in chattel paper, but the security interest may not be
 599 perfected by notification to the account debtor.

600 (5) Perfection and the effect of perfection or nonperfection of a
601 security interest which is created by a debtor who has an interest in
602 minerals or the like, including oil and gas, before extraction and which
603 attaches thereto as extracted, or which attaches to an account resulting
604 from the sale thereof at the wellhead or minehead are governed by the
605 law, including the conflict of laws rules, of the jurisdiction wherein the
606 wellhead or minehead is located.

607 (6) (a) This subsection applies to investment property.

608 (b) Except as otherwise provided in subdivision (f) of this
609 subsection, during the time that a security certificate is located in a
610 jurisdiction, perfection of a security interest, the effect of perfection or
611 nonperfection, and the priority of a security interest in the certificated
612 security represented thereby are governed by the local law of that
613 jurisdiction.

614 (c) Except as otherwise provided in subdivision (f) of this
615 subsection, perfection of a security interest, the effect of perfection or
616 nonperfection and the priority of a security interest in an uncertificated
617 security are governed by the local law of the issuer's jurisdiction as
618 specified in subsection (d) of section 42a-8-110.

619 (d) Except as otherwise provided in subdivision (f) of this
620 subsection, perfection of a security interest, the effect of perfection or
621 nonperfection and the priority of a security interest in a security
622 entitlement or securities account are governed by the local law of the
623 securities intermediary's jurisdiction as specified in subsection (e) of
624 section 42a-8-110.

625 (e) Except as otherwise provided in subdivision (f) of this
626 subsection, perfection of a security interest, the effect of perfection or
627 nonperfection and the priority of a security interest in a commodity
628 contract or commodity account are governed by the local law of the
629 commodity intermediary's jurisdiction. The following rules determine
630 a "commodity intermediary's jurisdiction" for purposes of this

631 subdivision:

632 (i) If an agreement between the commodity intermediary and
633 commodity customer specifies that it is governed by the law of a
634 particular jurisdiction, that jurisdiction is the commodity
635 intermediary's jurisdiction.

636 (ii) If an agreement between the commodity intermediary and
637 commodity customer does not specify the governing law as provided
638 in subparagraph (i) of this subdivision, but expressly specifies that the
639 commodity account is maintained at an office in a particular
640 jurisdiction, that jurisdiction is the commodity intermediary's
641 jurisdiction.

642 (iii) If an agreement between the commodity intermediary and
643 commodity customer does not specify a jurisdiction as provided in
644 subparagraph (i) or (ii) of this subdivision, the commodity
645 intermediary's jurisdiction is the jurisdiction in which is located the
646 office identified in an account statement as the office serving the
647 commodity customer's account.

648 (iv) If an agreement between the commodity intermediary and
649 commodity customer does not specify a jurisdiction as provided in
650 subparagraph (i) or (ii) of this subdivision and an account statement
651 does not identify an office serving the commodity customer's account
652 as provided in subparagraph (iii) of this subdivision, the commodity
653 intermediary's jurisdiction is the jurisdiction in which is located the
654 chief executive office of the commodity intermediary.

655 (f) Perfection of a security interest by filing, automatic perfection of
656 a security interest in investment property granted by a broker or
657 securities intermediary and automatic perfection of a security interest
658 in a commodity contract or commodity account granted by a
659 commodity intermediary are governed by the local law of the
660 jurisdiction in which the debtor is located.]

661 (a) In this section:

662 (1) "Purchase-money collateral" means goods or software that
663 secures a purchase-money obligation incurred with respect to that
664 collateral; and

665 (2) "Purchase-money obligation" means an obligation of an obligor
666 incurred as all or part of the price of the collateral or for value given to
667 enable the debtor to acquire rights in or the use of the collateral if the
668 value is in fact so used.

669 (b) A security interest in goods is a purchase-money security
670 interest:

671 (1) To the extent that the goods are purchase-money collateral with
672 respect to that security interest;

673 (2) If the security interest is in inventory that is or was purchase-
674 money collateral, also to the extent that the security interest secures a
675 purchase-money obligation incurred with respect to other inventory in
676 which the secured party holds or held a purchase-money security
677 interest; and

678 (3) Also to the extent that the security interest secures a purchase-
679 money obligation incurred with respect to software in which the
680 secured party holds or held a purchase-money security interest.

681 (c) A security interest in software is a purchase-money security
682 interest to the extent that the security interest also secures a purchase-
683 money obligation incurred with respect to goods in which the secured
684 party holds or held a purchase-money security interest if:

685 (1) The debtor acquired its interest in the software in an integrated
686 transaction in which it acquired an interest in the goods; and

687 (2) The debtor acquired its interest in the software for the principal
688 purpose of using the software in the goods.

689 (d) The security interest of a consignor in goods that are the subject
690 of a consignment is a purchase-money security interest in inventory.

691 (e) (1) In a transaction other than a consumer-goods transaction, if
692 the extent to which a security interest is a purchase-money security
693 interest depends on the application of a payment to a particular
694 obligation, the payment must be applied:

695 (A) In accordance with any reasonable method of application to
696 which the parties agree;

697 (B) In the absence of the parties' agreement to a reasonable method,
698 in accordance with any intention of the obligor manifested at or before
699 the time of payment; or

700 C) In the absence of an agreement to a reasonable method and a
701 timely manifestation of the obligor's intention, in the following order:

702 (i) To obligations that are not secured; and

703 (ii) If more than one obligation is secured, to obligations secured by
704 purchase-money security interests in the order in which those
705 obligations were incurred.

706 (2) In a consumer-goods transaction, if the extent to which a security
707 interest is a purchase-money security interest depends on the
708 application of a payment to a particular obligation:

709 (A) The payment must be applied so that the secured party retains
710 no purchase money security interest in any property as to which the
711 secured party has recovered payments aggregating the amount of the
712 sale price including any finance charges attributable thereto; and

713 (B) For the purposes of this subsection only, in the case of items
714 purchased on different dates, the first item purchased shall be deemed
715 the first paid for and, in the case of items purchased on the same date,
716 the lowest priced item shall be deemed the first paid for.

717 (f) In a transaction other than a consumer-goods transaction, a
718 purchase-money security interest does not lose its status as such, even
719 if:

720 (1) The purchase-money collateral also secures an obligation that is
721 not a purchase-money obligation;

722 (2) Collateral that is not purchase-money collateral also secures the
723 purchase-money obligation; or

724 (3) The purchase-money obligation has been renewed, refinanced,
725 consolidated or restructured.

726 (g) In a transaction other than a consumer-goods transaction, a
727 secured party claiming a purchase-money security interest has the
728 burden of establishing the extent to which the security interest is a
729 purchase-money security interest.

730 (h) The limitation of the rules in subsections (f) and (g) of this
731 section to transactions other than consumer-goods transactions is
732 intended to leave to the court the determination of the proper rules in
733 consumer-goods transactions. The court may not infer from that
734 limitation the nature of the proper rule in consumer-goods transactions
735 and may continue to apply established approaches. Those approaches
736 may apply principles of existing statutory and case law that apply to
737 analogous consumer transactions in similar goods under part XI of
738 chapter 669 and under other law of this state.

739 Sec. 4. Section 42a-9-104 of the general statutes is repealed and the
740 following is substituted in lieu thereof:

741 [This article does not apply (a) to a security interest subject to any
742 statute of the United States to the extent that such statute governs the
743 rights of parties to and third parties affected by transactions in
744 particular types of property; or (b) to a landlord's lien; or (c) to a lien
745 given by statute or other rule of law for services or materials except as
746 provided in section 42a-9-310 on priority of such liens; or (d) to a

747 transfer of a claim for wages, salary or other compensation of an
 748 employee; or (e) to a transfer by a government or governmental
 749 subdivision or agency; or (f) to a sale of accounts or chattel paper as
 750 part of a sale of the business out of which they arose, or an assignment
 751 of accounts or chattel paper which is for the purpose of collection only,
 752 or a transfer of a right to payment under a contract to an assignee who
 753 is also to do the performance under the contract or a transfer of a
 754 single account to an assignee in whole or partial satisfaction of a
 755 preexisting indebtedness; or (g) to a transfer of an interest or claim in
 756 or under any policy of insurance, except as provided with respect to
 757 proceeds and priorities in proceeds; or (h) to a right represented by a
 758 judgment, other than a judgment taken on a right to payment which
 759 was collateral; or (i) to any right of set-off; or (j) except to the extent
 760 that provision is made for fixtures in section 42a-9-313, to the creation
 761 or transfer of an interest in or lien on real estate, including a lease or
 762 rents thereunder; or (k) to a transfer in whole or in part of any claim
 763 arising out of tort; or (l) to a transfer of an interest in any deposit
 764 account, except as provided with respect to proceeds and priorities in
 765 proceeds; or (m) to a transfer of an interest in a letter of credit other
 766 than the rights to proceeds of a written letter of credit.]

767 (a) A secured party has control of a deposit account if:

768 (1) The secured party is the bank with which the deposit account is
 769 maintained;

770 (2) The debtor, secured party and bank have agreed in an
 771 authenticated record that the bank will comply with instructions
 772 originated by the secured party directing disposition of the funds in
 773 the deposit account without further consent by the debtor; or

774 (3) The secured party becomes the bank's customer with respect to
 775 the deposit account.

776 (b) A secured party that has satisfied subsection (a) of this section
 777 has control, even if the debtor retains the right to direct the disposition

778 of funds from the deposit account.

779 Sec. 5. Section 42a-9-105 of the general statutes is repealed and the
780 following is substituted in lieu thereof:

781 [(1) In this article unless the context otherwise requires: (a) "Account
782 debtor" means the person who is obligated on an account, chattel
783 paper or general intangible; (b) "chattel paper" means a writing or
784 writings which evidence both a monetary obligation and a security
785 interest in or a lease of specific goods, but a charter or other contract
786 involving the use or hire of a vessel is not chattel paper. When a
787 transaction is evidenced both by such a security agreement or a lease
788 and by an instrument or a series of instruments, the group of writings
789 taken together constitutes chattel paper; (c) "collateral" means the
790 property subject to a security interest, and includes accounts and
791 chattel paper which have been sold; (d) "debtor" means the person
792 who owes a payment or other performance of the obligation secured,
793 whether or not he owns or has rights in the collateral, and includes the
794 seller of accounts or chattel paper. Where the debtor and the owner of
795 the collateral are not the same person, the term "debtor" means the
796 owner of the collateral in any provision of the article dealing with the
797 collateral, the obligor in any provision dealing with the obligation, and
798 may include both where the context so requires; (e) "deposit account"
799 means a demand, time, savings, passbook or like account maintained
800 with a bank, savings and loan association, credit union or like
801 organization, other than an account evidenced by a certificate of
802 deposit; (f) "document" means document of title as defined in the
803 general definitions of section 42a-1-201, and a receipt of the kind
804 described in subsection (2) of section 42a-7-201; (g) "encumbrance"
805 includes real estate mortgages and other liens on real estate and all
806 other rights in real estate that are not ownership interest; (h) "goods"
807 includes all things which are movable at the time the security interest
808 attaches or which are fixtures, as provided in section 42a-9-313, but
809 does not include money, documents, instruments, investment
810 property, accounts, chattel paper, general intangibles or minerals or

811 the like, including oil and gas, before extraction. "Goods" also includes
 812 standing timber which is to be cut and removed under a conveyance or
 813 contract for sale, the unborn young of animals and growing crops; (i)
 814 "instrument" means a negotiable instrument, as defined in section 42a-
 815 3-104, or any other writing which evidences a right to the payment of
 816 money and is not itself a security agreement or lease and is of a type
 817 which is in ordinary course of business transferred by delivery with
 818 any necessary endorsement or assignment. The term does not include
 819 investment property; (j) "mortgage" means a consensual interest
 820 created by a real estate mortgage, a trust deed on real estate or the like;
 821 (k) an advance is made "pursuant to commitment" if the secured party
 822 has bound himself to make it, whether or not a subsequent event of
 823 default or other event not within his control has relieved or may
 824 relieve him from his obligation; (l) "security agreement" means an
 825 agreement which creates or provides for a security interest; (m)
 826 "secured party" means a lender, seller or other person in whose favor
 827 there is a security interest, including a person to whom accounts or
 828 chattel paper have been sold. When the holders of obligations issued
 829 under an indenture of trust, equipment trust agreement or the like are
 830 represented by a trustee or other person, the representative is the
 831 secured party; (n) "transmitting utility" means any person primarily
 832 engaged in the railroad business, the electric or electronics
 833 communications transmission business, the transmission of goods by
 834 pipeline, or the transmission or the production and transmission of
 835 electricity, steam, gas or water, or the provision of sewer service.

836 (2) Other definitions applying to this article and the sections in
 837 which they appear are:

838 "Account". Section 42a-9-106.

839 "Attach". Section 42a-9-203.

840 "Commodity contract". Section 42a-9-115.

841 "Commodity customer". Section 42a-9-115.

- 842 "Commodity intermediary". Section 42a-9-115.
- 843 "Construction mortgage". Section 42a-9-313(1).
- 844 "Consumer goods". Section 42a-9-109(1).
- 845 "Control". Section 42a-9-115.
- 846 "Equipment". Section 42a-9-109(2).
- 847 "Farm products". Section 42a-9-109(3).
- 848 "Fixture". Section 42a-9-313.
- 849 "Fixture filing". Section 42a-9-313.
- 850 "General intangibles". Section 42a-9-106.
- 851 "Inventory". Section 42a-9-109(4).
- 852 "Investment property". Section 42a-9-115.
- 853 "Lien creditor". Section 42a-9-301(3).
- 854 "Proceeds". Section 42a-9-306(1).
- 855 "Purchase money security interest". Section 42a-9-107.
- 856 "United States". Section 42a-9-103a.
- 857 (3) The following definitions in other articles apply to this article:
- 858 "Broker". Section 42a-8-102.
- 859 "Certificated security". Section 42a-8-102.
- 860 "Check". Section 42a-3-104.
- 861 "Clearing corporation". Section 42a-8-102.
- 862 "Contract for sale". Section 42a-2-106.

863 "Control". Section 42a-8-106.

864 "Delivery". Section 42a-8-301.

865 "Entitlement holder". Section 42a-8-102.

866 "Financial asset". Section 42a-8-102

867 "Holder in due course". Section 42a-3-302.

868 "Letter of credit". Section 42a-5-102.

869 "Note". Section 42a-3-104.

870 "Proceeds of a letter of credit". Section 42a-5-114(a).

871 "Sale". Section 42a-2-106.

872 "Securities intermediary". Section 42a-8-102.

873 "Security". Section 42a-8-102.

874 "Security certificate". Section 42a-8-102.

875 "Security entitlement". Section 42a-8-102.

876 "Uncertificated security". Section 42a-8-102.

877 (4) In addition article 1 contains general definitions and principles of
878 construction and interpretation applicable throughout this article.]

879 A secured party has control of electronic chattel paper if the record
880 or records comprising the chattel paper are created, stored and
881 assigned in such a manner that:

882 (1) A single authoritative copy of the record or records exists which
883 is unique, identifiable and, except as otherwise provided in
884 subdivisions (4), (5) and (6), unalterable;

885 (2) The authoritative copy identifies the secured party as the

886 assignee of the record or records;

887 (3) The authoritative copy is communicated to and maintained by
888 the secured party or its designated custodian;

889 (4) Copies or revisions that add or change an identified assignee of
890 the authoritative copy can be made only with the participation of the
891 secured party;

892 (5) Each copy of the authoritative copy and any copy of a copy is
893 readily identifiable as a copy that is not the authoritative copy; and

894 (6) Any revision of the authoritative copy is readily identifiable as
895 an authorized or unauthorized revision.

896 Sec. 6. Section 42a-9-106 of the general statutes is repealed and the
897 following is substituted in lieu thereof:

898 ["Account" means any right to payment for goods sold or leased or
899 for services rendered which is not evidenced by an instrument or
900 chattel paper, whether or not it has been earned by performance.
901 "General intangibles" means any personal property, including things in
902 action, other than goods, accounts, chattel paper, documents,
903 instruments, investment property, rights to proceeds of written letters
904 of credit and money. All rights to payment earned or unearned under
905 a charter or other contract involving the use or hire of a vessel and all
906 rights incident to the charter or contract are accounts.]

907 (a) A person has control of a certificated security, uncertificated
908 security or security entitlement as provided in section 42a-8-106.

909 (b) A secured party has control of a commodity contract if:

910 (1) The secured party is the commodity intermediary with which the
911 commodity contract is carried; or

912 (2) The commodity customer, secured party and commodity
913 intermediary have agreed that the commodity intermediary will apply

914 any value distributed on account of the commodity contract as
915 directed by the secured party without further consent by the
916 commodity customer.

917 (c) A secured party having control of all security entitlements or
918 commodity contracts carried in a securities account or commodity
919 account has control over the securities account or commodity account.

920 Sec. 7. Section 42a-9-107 of the general statutes is repealed and the
921 following is substituted in lieu thereof:

922 [A security interest is a "purchase money security interest" to the
923 extent that it is (a) taken or retained by the seller of the collateral to
924 secure all or part of its price; or (b) taken by a person who by making
925 advances or incurring an obligation gives value to enable the debtor to
926 acquire rights in or the use of collateral if such value is in fact so used.]

927 A secured party has control of a letter-of-credit right to the extent of
928 any right to payment or performance by the issuer or any nominated
929 person if the issuer or nominated person has consented to an
930 assignment of proceeds of the letter of credit under subsection (c) of
931 section 42a-5-114 or otherwise applicable law or practice.

932 Sec. 8. Section 42a-9-108 of the general statutes is repealed and the
933 following is substituted in lieu thereof:

934 [Where a secured party makes an advance, incurs an obligation,
935 releases a perfected security interest, or otherwise gives new value
936 which is to be secured in whole or in part by after-acquired property
937 his security interest in the after-acquired collateral shall be deemed to
938 be taken for new value and not as security for an antecedent debt if the
939 debtor acquires his rights in such collateral either in the ordinary
940 course of his business or under a contract of purchase made pursuant
941 to the security agreement within a reasonable time after new value is
942 given.]

943 (a) Except as otherwise provided in subsections (c), (d) and (e), a

944 description of personal or real property is sufficient, whether or not it
945 is specific, if it reasonably identifies what is described.

946 (b) Except as otherwise provided in subsection (d), a description of
947 collateral reasonably identifies the collateral if it identifies the collateral
948 by:

949 (1) Specific listing;

950 (2) Category;

951 (3) Except as otherwise provided in subsection (e), a type of
952 collateral defined in this title;

953 (4) Quantity;

954 (5) Computational or allocational formula or procedure; or

955 (6) Except as otherwise provided in subsection (c), any other
956 method, if the identity of the collateral is objectively determinable.

957 (c) A description of collateral as "all the debtor's assets" or "all the
958 debtor's personal property" or using words of similar import does not
959 reasonably identify the collateral.

960 (d) Except as otherwise provided in subsection (e), a description of a
961 security entitlement, securities account or commodity account is
962 sufficient if it describes:

963 (1) The collateral by those terms or as investment property; or

964 (2) The underlying financial asset or commodity contract.

965 (e) A description only by type of collateral defined in this title is an
966 insufficient description of:

967 (1) A commercial tort claim; or

968 (2) In a consumer transaction, consumer goods, a security

969 entitlement, a securities account or a commodity account.

970 Sec. 9. Section 42a-9-109 of the general statutes is repealed and the
971 following is substituted in lieu thereof:

972 [Goods are (1) "consumer goods" if they are used or bought for use
973 primarily for personal, family or household purposes; (2) "equipment"
974 if they are used or bought for use primarily in business, including
975 farming or a profession, or by a debtor who is a nonprofit organization
976 or a governmental subdivision or agency or if the goods are not
977 included in the definitions of inventory, farm products or consumer
978 goods; (3) "farm products" if they are crops or livestock or supplies
979 used or produced in farming operations or if they are products of
980 crops or livestock in their unmanufactured states, such as ginned
981 cotton, woolclip, maple syrup, milk and eggs, and if they are in the
982 possession of a debtor engaged in raising, fattening, grazing or other
983 farming operations. If goods are farm products they are neither
984 equipment nor inventory; (4) "inventory" if they are held by a person
985 who holds them for sale or lease or to be furnished under contracts of
986 service or if he has so furnished them, or if they are raw materials,
987 work in process or materials used or consumed in a business.
988 Inventory of a person is not to be classified as his equipment.]

989 (a) Except as otherwise provided in subsections (c) and (d), this
990 article applies to:

991 (1) A transaction, regardless of its form, that creates a security
992 interest in personal property or fixtures by contract;

993 (2) An agricultural lien;

994 (3) A sale of accounts, chattel paper, payment intangibles or
995 promissory notes;

996 (4) A consignment;

997 (5) A security interest arising under section 42a-2-401, section 42a-2-

998 505 or subsection (3) of section 42a-2-711, as provided in section 42a-
999 9-110, as amended by this act; and

1000 (6) A security interest arising under section 42a-4-210 or section 42a-
1001 5-118, as amended by this act.

1002 (b) The application of this article to a security interest in a secured
1003 obligation is not affected by the fact that the obligation is itself secured
1004 by a transaction or interest to which this article does not apply.

1005 (c) This article does not apply to the extent that:

1006 (1) A statute, regulation or treaty of the United States preempts this
1007 article;

1008 (2) A statute of another state, a foreign country or a governmental
1009 unit of another state or a foreign country, other than a statute generally
1010 applicable to security interests, expressly governs creation, perfection,
1011 priority or enforcement of a security interest created by the state,
1012 country or governmental unit; or

1013 (3) The rights of a transferee beneficiary or nominated person under
1014 a letter of credit are independent and superior under section 42a-5-114.

1015 (d) This article does not apply to:

1016 (1) A landlord's lien, other than an agricultural lien;

1017 (2) A lien, other than an agricultural lien, given by statute or other
1018 rule of law for services or materials, but section 53 of this act applies
1019 with respect to priority of the lien;

1020 (3) An assignment of a claim for wages, salary or other
1021 compensation of an employee;

1022 (4) A sale of accounts, chattel paper, payment intangibles or
1023 promissory notes as part of a sale of the business out of which they
1024 arose;

1025 (5) An assignment of accounts, chattel paper, payment intangibles or
1026 promissory notes which is for the purpose of collection only;

1027 (6) An assignment of a right to payment under a contract to an
1028 assignee that is also obligated to perform under the contract;

1029 (7) An assignment of a single account, payment intangible or
1030 promissory note to an assignee in full or partial satisfaction of a
1031 preexisting indebtedness;

1032 (8) A transfer of an interest in or an assignment of a claim under a
1033 policy of insurance, other than an assignment by or to a health-care
1034 provider of a health-care-insurance receivable and any subsequent
1035 assignment of the right to payment, but section 42a-9-315, as amended
1036 by this act, and section 42 of this act, apply with respect to proceeds
1037 and priorities in proceeds;

1038 (9) An assignment of a right represented by a judgment, other than a
1039 judgment taken on a right to payment that was collateral;

1040 (10) A right of recoupment or set-off, but:

1041 (A) Section 60 of this act applies with respect to the effectiveness of
1042 rights of recoupment or set-off against deposit accounts; and

1043 (B) Section 42a-9-404, as amended by this act, applies with respect
1044 to defenses or claims of an account debtor;

1045 (11) The creation or transfer of an interest in or lien on real property,
1046 including a lease or rents thereunder, except to the extent that
1047 provision is made for:

1048 (A) Liens on real property in sections 42a-9-203 and 42a-9-308, as
1049 amended by this act;

1050 (B) Fixtures in section 54 of this act;

1051 (C) Fixture filings in sections 42a-9-501 and 42a-9-502, as amended

1052 by this act, and sections 83, 87 and 90 of this act; and

1053 (D) Security agreements covering personal and real property in
1054 section 101 of this act;

1055 (12) An assignment of a claim arising in tort, other than a
1056 commercial tort claim, but section 42a-9-315, as amended by this act,
1057 and section 42 of this act, apply with respect to proceeds and priorities
1058 in proceeds;

1059 (13) An assignment of a deposit account in a consumer transaction,
1060 but section 42a-9-315, as amended by this act, and section 42 of this act,
1061 apply with respect to proceeds and priorities in proceeds;

1062 (14) A transfer by a government or government subdivision or
1063 agency; or

1064 (15) An assignment of lottery winnings governed by section 12-831,
1065 an assignment of workers' compensation benefits governed by section
1066 31-320 or an assignment of a structured settlement payment right
1067 governed by section 52-225f.

1068 Sec. 10. Section 42a-9-110 of the general statutes is repealed and the
1069 following is substituted in lieu thereof:

1070 [For the purposes of this article any description of personal property
1071 or real estate is sufficient whether or not it is specific if it reasonably
1072 identifies what is described.]

1073 A security interest arising under section 42a-2-401, section 42a-2-505
1074 or subsection (3) of section 42a-2-711 is subject to this article. However,
1075 until the debtor obtains possession of the goods:

1076 (1) The security interest is enforceable, even if subdivision (3) of
1077 subsection (b) of section 42a-9-203, as amended by this act, has not
1078 been satisfied;

1079 (2) Filing is not required to perfect the security interest;

1080 (3) The rights of the secured party after default by the debtor are
1081 governed by article 2; and

1082 (4) The security interest has priority over a conflicting security
1083 interest created by the debtor.

1084 Sec. 11. Section 42a-9-201 of the general statutes is repealed and the
1085 following is substituted in lieu thereof:

1086 [Except as otherwise provided by this title a security agreement is
1087 effective according to its terms between the parties, against purchasers
1088 of the collateral and against creditors. Nothing in this article validates
1089 any charge or practice illegal under any statute or regulation
1090 thereunder governing usury, small loans, retail instalment sales, or the
1091 like, or extends the application of any such statute or regulation to any
1092 transaction not otherwise subject thereto.]

1093 (a) Except as otherwise provided in this title, a security agreement is
1094 effective according to its terms between the parties, against purchasers
1095 of the collateral and against creditors.

1096 (b) A transaction subject to this article is subject to any applicable
1097 rule of law which establishes a different rule for consumers and
1098 sections 36a-555 to 36a-573, inclusive, and sections 36a-770 to 36a-786,
1099 inclusive.

1100 (c) In case of conflict between this article and a rule of law, statute or
1101 regulation described in subsection (b), the rule of law, statute or
1102 regulation controls. Failure to comply with a statute or regulation
1103 described in subsection (b) has only the effect the statute or regulation
1104 specifies.

1105 (d) This article does not:

1106 (1) Validate any rate, charge, agreement or practice that violates a
1107 rule of law, statute or regulation described in subsection (b); or

1108 (2) Extend the application of the rule of law, statute or regulation to
1109 a transaction not otherwise subject to it.

1110 Sec. 12. Section 42a-9-202 of the general statutes is repealed and the
1111 following is substituted in lieu thereof:

1112 [Each provision of this article with regard to rights, obligations and
1113 remedies applies whether title to collateral is in the secured party or in
1114 the debtor.]

1115 Except as otherwise provided with respect to consignments or sales
1116 of accounts, chattel paper, payment intangibles or promissory notes,
1117 the provisions of this article with regard to rights and obligations
1118 apply whether title to collateral is in the secured party or the debtor.

1119 Sec. 13. Section 42a-9-203 of the general statutes is repealed and the
1120 following is substituted in lieu thereof:

1121 [(1) Subject to the provisions of section 42a-4-210 on the security
1122 interest of a collecting bank, sections 42a-9-115 and 42a-9-116 on
1123 security interests in investment property and section 42a-9-113 on a
1124 security interest arising under article 2, a security interest is not
1125 enforceable against the debtor or third parties with respect to the
1126 collateral and does not attach unless: (a) The collateral is in the
1127 possession of the secured party pursuant to agreement, the collateral is
1128 investment property and the secured party has control pursuant to
1129 agreement or the debtor has signed a security agreement which
1130 contains a description of the collateral and in addition, when the
1131 security interest covers crops growing or to be grown or timber to be
1132 cut, a description of the land concerned; (b) value has been given; and
1133 (c) the debtor has rights in the collateral.

1134 (2) A security interest attaches when it becomes enforceable against
1135 the debtor with respect to the collateral. Attachment occurs as soon as
1136 all of the events specified in subsection (1) have taken place unless
1137 explicit agreement postpones the time of attaching.

1138 (3) Unless otherwise agreed a security agreement gives the secured
1139 party the rights to proceeds provided by section 42a-9-306.

1140 (4) A transaction, although subject to this article, is also subject to
1141 sections 36a-555 to 36a-573, inclusive, 36a-770 to 36a-786, inclusive, and
1142 section 42a-9-209, and in the case of conflict between the provisions of
1143 this article and any such statute, the provisions of such statute control.
1144 Failure to comply with any applicable statute has only the effect which
1145 is specified therein.]

1146 (a) A security interest attaches to collateral when it becomes
1147 enforceable against the debtor with respect to the collateral, unless an
1148 agreement expressly postpones the time of attachment.

1149 (b) Except as otherwise provided in subsections (c) to (i), inclusive, a
1150 security interest is enforceable against the debtor and third parties with
1151 respect to the collateral only if:

1152 (1) Value has been given;

1153 (2) The debtor has rights in the collateral or the power to transfer
1154 rights in the collateral to a secured party; and

1155 (3) One of the following conditions is met:

1156 (A) The debtor has authenticated a security agreement that provides
1157 a description of the collateral and, if the security interest covers timber
1158 to be cut, a description of the land concerned;

1159 (B) The collateral is not a certificated security and is in the
1160 possession of the secured party under section 42a-9-313, as amended
1161 by this act, pursuant to the debtor's security agreement;

1162 (C) The collateral is a certificated security in registered form and the
1163 security certificate has been delivered to the secured party under
1164 section 42a-8-301 pursuant to the debtor's security agreement; or

1165 (D) The collateral is deposit accounts, electronic chattel paper,

1166 investment property or letter-of-credit rights, and the secured party
1167 has control under section 42a-9-104, 42a-9-105, 42a-9-106 or 42a-9-107,
1168 as amended by this act, pursuant to the debtor's security agreement.

1169 (c) Subsection (b) is subject to section 42a-4-210 on the security
1170 interest of a collecting bank, section 42a-5-118 on the security interest
1171 of a letter-of-credit issuer or nominated person, section 42a-9-110, as
1172 amended by this act, on a security interest arising under article 2, and
1173 section 42a-9-206, as amended by this act, on security interests in
1174 investment property.

1175 (d) A person becomes bound as debtor by a security agreement
1176 entered into by another person if, by operation of law other than this
1177 article or by contract:

1178 (1) The security agreement becomes effective to create a security
1179 interest in the person's property; or

1180 (2) The person becomes generally obligated for the obligations of the
1181 other person, including the obligation secured under the security
1182 agreement, and acquires or succeeds to all or substantially all of the
1183 assets of the other person.

1184 (e) If a new debtor becomes bound as debtor by a security
1185 agreement entered into by another person:

1186 (1) The agreement satisfies subdivision (3) of subsection (b) of this
1187 section with respect to existing or after-acquired property of the new
1188 debtor to the extent the property is described in the agreement; and

1189 (2) Another agreement is not necessary to make a security interest in
1190 the property enforceable.

1191 (f) The attachment of a security interest in collateral gives the
1192 secured party the rights to proceeds provided by section 42a-9-315, as
1193 amended by this act, and is also attachment of a security interest in a
1194 supporting obligation for the collateral.

1195 (g) The attachment of a security interest in a right to payment or
1196 performance secured by a security interest or other lien on personal or
1197 real property is also attachment of a security interest in the security
1198 interest, mortgage or other lien.

1199 (h) The attachment of a security interest in a securities account is
1200 also attachment of a security interest in the security entitlements
1201 carried in the securities account.

1202 (i) The attachment of a security interest in a commodity account is
1203 also attachment of a security interest in the commodity contracts
1204 carried in the commodity account.

1205 Sec. 14. Section 42a-9-204 of the general statutes is repealed and the
1206 following is substituted in lieu thereof:

1207 [(1) Except as provided in subsection (2) of this section, a security
1208 agreement may provide that any or all obligations covered by the
1209 security agreement are to be secured by after-acquired collateral.

1210 (2) No security interest attaches under an after-acquired property
1211 clause to consumer goods other than accessions as defined in section
1212 42a-9-314 when given as additional security unless the debtor acquires
1213 rights in them within ten days after the secured party gives value.

1214 (3) Obligations covered by a security agreement may include future
1215 advances or other value whether or not the advances or value are
1216 given pursuant to commitment.]

1217 (a) Except as otherwise provided in subsection (b), a security
1218 agreement may create or provide for a security interest in after-
1219 acquired collateral.

1220 (b) A security interest does not attach under a term constituting an
1221 after-acquired property clause to:

1222 (1) Consumer goods, other than an accession when given as

1223 additional security, unless the debtor acquires rights in them within ten
1224 days after the secured party gives value; or

1225 (2) A commercial tort claim.

1226 (c) A security agreement may provide that collateral secures, or that
1227 accounts, chattel paper, payment intangibles or promissory notes are
1228 sold in connection with, future advances or other value, whether or not
1229 the advances or value are given pursuant to commitment.

1230 Sec. 15. Section 42a-9-205 of the general statutes is repealed and the
1231 following is substituted in lieu thereof:

1232 [A security interest is not invalid or fraudulent against creditors by
1233 reason of liberty in the debtor to use, commingle or dispose of all or
1234 part of the collateral, including returned or repossessed goods, or to
1235 collect or compromise accounts or chattel paper, or to accept the return
1236 of goods or make repossessions, or to use, commingle or dispose of
1237 proceeds, or by reason of the failure of the secured party to require the
1238 debtor to account for proceeds or replace collateral. This section does
1239 not relax the requirements of possession where perfection of a security
1240 interest depends upon possession of the collateral by the secured party
1241 or by a bailee.]

1242 (a) A security interest is not invalid or fraudulent against creditors
1243 solely because:

1244 (1) The debtor has the right or ability to:

1245 (A) Use, commingle or dispose of all or part of the collateral,
1246 including returned or repossessed goods;

1247 (B) Collect, compromise, enforce or otherwise deal with collateral;

1248 (C) Accept the return of collateral or make repossessions; or

1249 (D) Use, commingle or dispose of proceeds; or

1250 (2) The secured party fails to require the debtor to account for
1251 proceeds or replace collateral.

1252 (b) This section does not relax the requirements of possession if
1253 attachment, perfection or enforcement of a security interest depends
1254 upon possession of the collateral by the secured party.

1255 Sec. 16. Section 42a-9-206 of the general statutes is repealed and the
1256 following is substituted in lieu thereof:

1257 [(1) Subject to any statute or decision which establishes a different
1258 rule for buyers or lessees of consumer goods, an agreement by a buyer
1259 or lessee that he will not assert against an assignee any claim or
1260 defense which he may have against the seller or lessor is enforceable
1261 by an assignee who takes his assignment for value, in good faith and
1262 without notice of a claim or defense, except as to defenses of a type
1263 which may be asserted against a holder in due course of a negotiable
1264 instrument under article 3. A buyer who as part of one transaction
1265 signs both a negotiable instrument and a security agreement makes
1266 such an agreement.

1267 (2) When a seller retains a purchase money security interest in
1268 goods, article 2 governs the sale and any disclaimer, limitation or
1269 modification of the seller's warranties.]

1270 (a) A security interest in favor of a securities intermediary attaches
1271 to a person's security entitlement if:

1272 (1) The person buys a financial asset through the securities
1273 intermediary in a transaction in which the person is obligated to pay
1274 the purchase price to the securities intermediary at the time of the
1275 purchase; and

1276 (2) The securities intermediary credits the financial asset to the
1277 buyer's securities account before the buyer pays the securities
1278 intermediary.

1279 (b) The security interest described in subsection (a) secures the
1280 person's obligation to pay for the financial asset.

1281 (c) A security interest in favor of a person that delivers a certificated
1282 security or other financial asset represented by a writing attaches to the
1283 security or other financial asset if:

1284 (1) The security or other financial asset:

1285 (A) In the ordinary course of business is transferred by delivery
1286 with any necessary endorsement or assignment; and

1287 (B) Is delivered under an agreement between persons in the
1288 business of dealing with such securities or financial assets; and

1289 (2) The agreement calls for delivery against payment.

1290 (d) The security interest described in subsection (c) secures the
1291 obligation to make payment for the delivery.

1292 Sec. 17. Section 42a-9-207 of the general statutes is repealed and the
1293 following is substituted in lieu thereof:

1294 [(1) A secured party must use reasonable care in the custody and
1295 preservation of collateral in his possession. In the case of an instrument
1296 or chattel paper reasonable care includes taking necessary steps to
1297 preserve rights against prior parties unless otherwise agreed.

1298 (2) Unless otherwise agreed, when collateral is in the secured party's
1299 possession (a) reasonable expenses, including the cost of any insurance
1300 and payment of taxes or other charges, incurred in the custody,
1301 preservation, use or operation of the collateral are chargeable to the
1302 debtor and are secured by the collateral; (b) the risk of accidental loss
1303 or damage is on the debtor to the extent of any deficiency in any
1304 effective insurance coverage; (c) the secured party may hold as
1305 additional security any increase or profits, except money, received
1306 from the collateral, but money so received, unless remitted to the

1307 debtor, shall be applied in reduction of the secured obligation; (d) the
1308 secured party must keep the collateral identifiable but fungible
1309 collateral may be commingled; (e) the secured party may repledge the
1310 collateral upon terms which do not impair the debtor's right to redeem
1311 it.

1312 (3) A secured party is liable for any loss caused by his failure to
1313 meet any obligation imposed by the preceding subsections but does
1314 not lose his security interest.

1315 (4) A secured party may use or operate the collateral for the purpose
1316 of preserving the collateral or its value or pursuant to the order of a
1317 court of appropriate jurisdiction or, except in the case of consumer
1318 goods, in the manner and to the extent provided in the security
1319 agreement.]

1320 (a) Except as otherwise provided in subsection (d), a secured party
1321 shall use reasonable care in the custody and preservation of collateral
1322 in the secured party's possession. In the case of chattel paper or an
1323 instrument, reasonable care includes taking necessary steps to preserve
1324 rights against prior parties unless otherwise agreed.

1325 (b) Except as otherwise provided in subsection (d), if a secured party
1326 has possession of collateral:

1327 (1) Reasonable expenses, including the cost of insurance and
1328 payment of taxes or other charges, incurred in the custody,
1329 preservation, use or operation of the collateral are chargeable to the
1330 debtor and are secured by the collateral;

1331 (2) The risk of accidental loss or damage is on the debtor to the
1332 extent of a deficiency in any effective insurance coverage;

1333 (3) The secured party shall keep the collateral identifiable, but
1334 fungible collateral may be commingled; and

1335 (4) The secured party may use or operate the collateral:

- 1336 (A) For the purpose of preserving the collateral or its value;
- 1337 (B) As permitted by an order of a court having competent
1338 jurisdiction; or
- 1339 (C) Except in the case of consumer goods, in the manner and to the
1340 extent agreed by the debtor.
- 1341 (c) Except as otherwise agreed by a debtor other than a consumer
1342 debtor or as otherwise provided in subsection (d), a secured party
1343 having possession of collateral or control of collateral under section
1344 42a-9-104, 42a-9-105, 42a-9-106 or 42a-9-107, as amended by this act:
- 1345 (1) May hold as additional security any proceeds, except money or
1346 funds, received from the collateral;
- 1347 (2) Shall apply money or funds received from the collateral to
1348 reduce the secured obligation, unless remitted to the debtor; and
- 1349 (3) May create a security interest in the collateral.
- 1350 (d) If the secured party is a buyer of accounts, chattel paper,
1351 payment intangibles or promissory notes or a consignor:
- 1352 (1) Subsection (a) does not apply unless the secured party is entitled
1353 under an agreement:
- 1354 (A) To charge back uncollected collateral; or
- 1355 (B) Otherwise to full or limited recourse against the debtor or a
1356 secondary obligor based on the nonpayment or other default of an
1357 account debtor or other obligor on the collateral; and
- 1358 (2) Subsections (b) and (c) do not apply.
- 1359 Sec. 18. Section 42a-9-208 of the general statutes is repealed and the
1360 following is substituted in lieu thereof:
- 1361 [(1) A debtor may sign a statement indicating what he believes to be

1362 the aggregate amount of unpaid indebtedness as of a specified date
 1363 and may send it to the secured party with a request that the statement
 1364 be approved or corrected and returned to the debtor. When the
 1365 security agreement or any other record kept by the secured party
 1366 identifies the collateral a debtor may similarly request the secured
 1367 party to approve or correct a list of the collateral.

1368 (2) The secured party must comply with such a request within two
 1369 weeks after receipt by sending a written correction or approval. If the
 1370 secured party claims a security interest in all of a particular type of
 1371 collateral owned by the debtor he may indicate that fact in his reply
 1372 and need not approve or correct an itemized list of such collateral. If
 1373 the secured party without reasonable excuse fails to comply he is liable
 1374 for any loss caused to the debtor thereby; and if the debtor has
 1375 properly included in his request a good faith statement of the
 1376 obligation or a list of the collateral or both the secured party may claim
 1377 a security interest only as shown in the statement against persons
 1378 misled by his failure to comply. If he no longer has an interest in the
 1379 obligation or collateral at the time the request is received he must
 1380 disclose the name and address of any successor in interest known to
 1381 him and he is liable for any loss caused to the debtor as a result of
 1382 failure to disclose. A successor in interest is not subject to this section
 1383 until a request is received by him.

1384 (3) A debtor is entitled to such a statement once every six months
 1385 without charge. The secured party may require payment of a charge
 1386 not exceeding ten dollars for each additional statement furnished.]

1387 (a) This section applies to cases in which there is no outstanding
 1388 secured obligation and the secured party is not committed to make
 1389 advances, incur obligations or otherwise give value.

1390 (b) Within ten days after receiving an authenticated demand by the
 1391 debtor:

1392 (1) A secured party having control of a deposit account under

1393 subdivision (2) of subsection (a) of section 42a-9-104, as amended by
1394 this act, shall send to the bank with which the deposit account is
1395 maintained an authenticated statement that releases the bank from any
1396 further obligation to comply with instructions originated by the
1397 secured party;

1398 (2) A secured party having control of a deposit account under
1399 subdivision (3) of subsection (a) of section 42a-9-104, as amended by
1400 this act, shall:

1401 (A) Pay the debtor the balance on deposit in the deposit account; or

1402 (B) Transfer the balance on deposit into a deposit account in the
1403 debtor's name;

1404 (3) A secured party, other than a buyer, having control of electronic
1405 chattel paper under section 42a-9-105, as amended by this act, shall:

1406 (A) Communicate the authoritative copy of the electronic chattel
1407 paper to the debtor or its designated custodian;

1408 (B) If the debtor designates a custodian that is the designated
1409 custodian with which the authoritative copy of the electronic chattel
1410 paper is maintained for the secured party, communicate to the
1411 custodian an authenticated record releasing the designated custodian
1412 from any further obligation to comply with instructions originated by
1413 the secured party and instructing the custodian to comply with
1414 instructions originated by the debtor; and

1415 (C) Take appropriate action to enable the debtor or its designated
1416 custodian to make copies of or revisions to the authoritative copy
1417 which add or change an identified assignee of the authoritative copy
1418 without the consent of the secured party;

1419 (4) A secured party having control of investment property under
1420 subdivision (2) of subsection (d) of section 42a-8-106 or subsection (b)
1421 of section 42a-9-106, as amended by this act, shall send to the securities

1422 intermediary or commodity intermediary with which the security
1423 entitlement or commodity contract is maintained an authenticated
1424 record that releases the securities intermediary or commodity
1425 intermediary from any further obligation to comply with entitlement
1426 orders or directions originated by the secured party; and

1427 (5) A secured party having control of a letter-of-credit right under
1428 section 42a-9-107, as amended by this act, shall send to each person
1429 having an unfulfilled obligation to pay or deliver proceeds of the letter
1430 of credit to the secured party an authenticated release from any further
1431 obligation to pay or deliver proceeds of the letter of credit to the
1432 secured party.

1433 Sec. 19. Section 42a-9-209 of the general statutes is repealed and the
1434 following is substituted in lieu thereof:

1435 [Any agreement for security in household furniture owned and in
1436 the possession of an individual or family and used primarily for
1437 housekeeping purposes shall be effective only to the extent that the
1438 agreement involves a purchase money security interest as defined in
1439 section 42a-9-107.]

1440 (a) Except as otherwise provided in subsection (c), this section
1441 applies if:

1442 (1) There is no outstanding secured obligation; and

1443 (2) The secured party is not committed to make advances, incur
1444 obligations or otherwise give value.

1445 (b) Within ten days after receiving an authenticated demand by the
1446 debtor, a secured party shall send to an account debtor that has
1447 received notification of an assignment to the secured party as assignee
1448 under subsection (a) of section 42a-9-406, as amended by this act, an
1449 authenticated record that releases the account debtor from any further
1450 obligation to the secured party.

1451 (c) This section does not apply to an assignment constituting the
1452 sale of an account, chattel paper or payment intangible.

1453 Sec. 20. (NEW) (a) In this section:

1454 (1) "Request" means a record of a type described in subdivision (2),
1455 (3) or (4) of this subsection.

1456 (2) "Request for an accounting" means a record authenticated by a
1457 debtor requesting that the recipient provide an accounting of the
1458 unpaid obligations secured by collateral and reasonably identifying the
1459 transaction or relationship that is the subject of the request.

1460 (3) "Request regarding a list of collateral" means a record
1461 authenticated by a debtor requesting that the recipient approve or
1462 correct a list of what the debtor believes to be the collateral securing an
1463 obligation and reasonably identifying the transaction or relationship
1464 that is the subject of the request.

1465 (4) "Request regarding a statement of account" means a record
1466 authenticated by a debtor requesting that the recipient approve or
1467 correct a statement indicating what the debtor believes to be the
1468 aggregate amount of unpaid obligations secured by collateral as of a
1469 specified date and reasonably identifying the transaction or
1470 relationship that is the subject of the request.

1471 (b) Subject to subsections (c), (d), (e) and (f), a secured party, other
1472 than a buyer of accounts, chattel paper, payment intangibles or
1473 promissory notes or a consignor, shall comply with a request within
1474 fourteen days after receipt:

1475 (1) In the case of a request for an accounting, by authenticating and
1476 sending to the debtor an accounting; and

1477 (2) In the case of a request regarding a list of collateral or a request
1478 regarding a statement of account, by authenticating and sending to the
1479 debtor an approval or correction.

1480 (c) A secured party that claims a security interest in all of a
1481 particular type of collateral owned by the debtor may comply with a
1482 request regarding a list of collateral by sending to the debtor an
1483 authenticated record including a statement to that effect within
1484 fourteen days after receipt.

1485 (d) A person that receives a request regarding a list of collateral,
1486 claims no interest in the collateral when it receives the request, and
1487 claimed an interest in the collateral at an earlier time shall comply with
1488 the request within fourteen days after receipt by sending to the debtor
1489 an authenticated record:

1490 (1) Disclaiming any interest in the collateral; and

1491 (2) If known to the recipient, providing the name and mailing
1492 address of any assignee of or successor to the recipient's interest in the
1493 collateral.

1494 (e) A person that receives a request for an accounting or a request
1495 regarding a statement of account, claims no interest in the obligations
1496 when it receives the request and claimed an interest in the obligations
1497 at an earlier time shall comply with the request within fourteen days
1498 after receipt by sending to the debtor an authenticated record:

1499 (1) Disclaiming any interest in the obligations; and

1500 (2) If known to the recipient, providing the name and mailing
1501 address of any assignee of or successor to the recipient's interest in the
1502 obligations.

1503 (f) A debtor is entitled without charge to one response to a request
1504 under this section during any six-month period. The secured party
1505 may require payment of a charge not exceeding twenty-five dollars for
1506 each additional response.

1507 Sec. 21. Section 42a-9-301 of the general statutes is repealed and the
1508 following is substituted in lieu thereof:

1509 [(1) Except as otherwise provided in subsection (2) of this section, an
1510 unperfected security interest is subordinate to the rights of (a) persons
1511 entitled to priority under section 42a-9-312; (b) a person who becomes
1512 a lien creditor before the security interest is perfected; (c) in the case of
1513 goods, instruments, documents, and chattel paper, a person who is not
1514 a secured party and who is a transferee in bulk or other buyer not in
1515 ordinary course of business, or is a buyer of farm products in ordinary
1516 course of business, to the extent that he gives value and receives
1517 delivery of the collateral without knowledge of the security interest
1518 and before it is perfected; (d) in the case of accounts, general
1519 intangibles and investment property, a person who is not a secured
1520 party and who is a transferee to the extent that he gives value without
1521 knowledge of the security interest and before it is perfected.

1522 (2) If the secured party files with respect to a purchase money
1523 security interest before or within twenty days after the debtor receives
1524 possession of the collateral, he takes priority over the rights of a
1525 transferee in bulk or of a lien creditor which arise between the time the
1526 security interest attaches and the time of filing.

1527 (3) A "lien creditor" means a creditor who has acquired a lien on the
1528 property involved by attachment, levy or the like and includes an
1529 assignee for benefit of creditors from the time of assignment, and a
1530 trustee in bankruptcy from the date of the filing of the petition or a
1531 receiver in equity from the time of appointment.

1532 (4) A person who becomes a lien creditor while a security interest is
1533 perfected takes subject to the security interest only to the extent that it
1534 secures advances made before he becomes a lien creditor or within
1535 forty-five days thereafter or made without knowledge of the lien or
1536 pursuant to a commitment entered into without knowledge of the
1537 lien.]

1538 Except as otherwise provided in sections 42a-9-303 to 42a-9-306,
1539 inclusive, as amended by this act, the following rules determine the
1540 law governing perfection, the effect of perfection or nonperfection and

1541 the priority of a security interest in collateral:

1542 (1) Except as otherwise provided in this section, while a debtor is
1543 located in a jurisdiction, the local law of that jurisdiction governs
1544 perfection, the effect of perfection or nonperfection and the priority of
1545 a security interest in collateral.

1546 (2) While collateral is located in a jurisdiction, the local law of that
1547 jurisdiction governs perfection, the effect of perfection or
1548 nonperfection and the priority of a possessory security interest in that
1549 collateral.

1550 (3) Except as otherwise provided in subdivision (4), while
1551 negotiable documents, goods, instruments, money or tangible chattel
1552 paper is located in a jurisdiction, the local law of that jurisdiction
1553 governs:

1554 (A) Perfection of a security interest in the goods by filing a fixture
1555 filing;

1556 (B) Perfection of a security interest in timber to be cut; and

1557 (C) The effect of perfection or nonperfection and the priority of a
1558 nonpossessory security interest in the collateral.

1559 (4) The local law of the jurisdiction in which the wellhead or
1560 minehead is located governs perfection, the effect of perfection or
1561 nonperfection and the priority of a security interest in as-extracted
1562 collateral.

1563 Sec. 22. Section 42a-9-302 of the general statutes is repealed and the
1564 following is substituted in lieu thereof:

1565 [(1) A financing statement must be filed to perfect all security
1566 interests except the following: (a) A security interest in collateral in
1567 possession of the secured party under section 42a-9-305; (b) a security
1568 interest temporarily perfected in instruments, certificated securities or

1569 documents without delivery under section 42a-9-304 or in proceeds for
1570 a ten-day period under section 42a-9-306; (c) a security interest created
1571 by an assignment of a beneficial interest in a trust or a decedent's
1572 estate; (d) a purchase money security interest in consumer goods; but
1573 filing is required for a motor vehicle required to be registered, and
1574 fixture filing is required for priority over conflicting interests in
1575 fixtures to the extent provided in section 42a-9-313; (e) an assignment
1576 of accounts which does not alone or in conjunction with other
1577 assignments to the same assignee transfer a significant part of the
1578 outstanding accounts of the assignor; (f) a security interest of a
1579 collecting bank as provided in section 42a-4-210 or arising under article
1580 3 of this title or covered in subsection (3) of this section; (g) an
1581 assignment for the benefit of all the creditors of the transferor, and
1582 subsequent transfers by the assignee thereunder; (h) a security interest
1583 in investment property which is perfected without filing under section
1584 42a-9-115 or 42a-9-116.

1585 (2) If a secured party assigns a perfected security interest, no filing
1586 under this article is required in order to continue the perfected status
1587 of the security interest against creditors of and transferees from the
1588 original debtor.

1589 (3) The filing of a financing statement otherwise required by this
1590 article is not necessary or effective to perfect a security interest in
1591 property subject to (a) a statute or treaty of the United States which
1592 provides for a national or international registration or a national or
1593 international certificate of title or which specifies a place of filing
1594 different from that specified in this article for filing of the security
1595 interest; or (b) chapter 247, but during any period in which collateral is
1596 inventory held for sale by a person who is in the business of selling
1597 goods of that kind, the filing provisions of part 4 of this article apply to
1598 a security interest in that collateral created by him as debtor; or (c) a
1599 certificate of title statute of another jurisdiction under the law of which
1600 indication of a security interest on the certificate is required as a
1601 condition of perfection.

1602 (4) Compliance with a statute or treaty described in subsection (3) of
1603 this section is equivalent to the filing of a financing statement under
1604 this article, and a security interest in property subject to the statute or
1605 treaty can be perfected only by compliance therewith except as
1606 provided in section 42a-9-103a on multiple state transactions. Duration
1607 and renewal of perfection of a security interest perfected by
1608 compliance with the statute or treaty are governed by the provisions of
1609 the statute or treaty; in other respects the security interest is subject to
1610 this article.

1611 (5) A financing statement need not be filed to perfect, and the filing
1612 provisions of this article do not apply to: (a) A security interest in the
1613 plant, equipment, apparatus, transmission or pipe lines, distribution
1614 systems or other property of a corporation which does a light, heat,
1615 gas, power, water, telephone or natural gas transmission business in,
1616 or owning property in, more than one town, if such security interest is
1617 perfected by recording under section 49-5; or (b) a security interest in
1618 the property of a railroad company if such security interest is perfected
1619 by recording under chapter 282; or (c) a security interest in the
1620 property of a telegraph company, if such security interest is perfected
1621 by recording under chapter 283.]

1622 While farm products are located in a jurisdiction, the local law of
1623 that jurisdiction governs perfection, the effect of perfection or
1624 nonperfection and the priority of an agricultural lien on the farm
1625 products.

1626 Sec. 23. Section 42a-9-303 of the general statutes is repealed and the
1627 following is substituted in lieu thereof:

1628 [(1) A security interest is perfected when it has attached and when
1629 all of the applicable steps required for perfection have been taken.
1630 Such steps are specified in sections 42a-9-302, 42a-9-304, 42a-9-305 and
1631 42a-9-306. If such steps are taken before the security interest attaches, it
1632 is perfected at the time when it attaches.

1633 (2) If a security interest is originally perfected in any way permitted
1634 under this article and is subsequently perfected in some other way
1635 under this article, without an intermediate period when it was
1636 unperfected, the security interest shall be deemed to be perfected
1637 continuously for the purposes of this article.]

1638 (a) This section applies to goods covered by a certificate of title, even
1639 if there is no other relationship between the jurisdiction under whose
1640 certificate of title the goods are covered and the goods or the debtor.

1641 (b) Goods become covered by a certificate of title when a valid
1642 application for the certificate of title and the applicable fee are
1643 delivered to the appropriate authority. Goods cease to be covered by a
1644 certificate of title at the earlier of the time the certificate of title ceases
1645 to be effective under the law of the issuing jurisdiction or the time the
1646 goods become covered subsequently by a certificate of title issued by
1647 another jurisdiction.

1648 (c) The local law of the jurisdiction under whose certificate of title
1649 the goods are covered governs perfection, the effect of perfection or
1650 nonperfection and the priority of a security interest in goods covered
1651 by a certificate of title from the time the goods become covered by the
1652 certificate of title until the goods cease to be covered by the certificate
1653 of title.

1654 Sec. 24. Section 42a-9-304 of the general statutes is repealed and the
1655 following is substituted in lieu thereof:

1656 [(1) A security interest in chattel paper or negotiable documents
1657 may be perfected by filing. A security interest in the rights to proceeds
1658 of a written letter of credit can be perfected only by the secured party's
1659 taking possession of the letter of credit. A security interest in money or
1660 instruments, other than instruments which constitute part of chattel
1661 paper, can be perfected only by the secured party's taking possession,
1662 except as provided in subsections (4) and (5) of this section and
1663 subsections (2) and (3) of section 42a-9-306, on proceeds.

1664 (2) During the period that goods are in the possession of the issuer
1665 of a negotiable document therefor, a security interest in the goods is
1666 perfected by perfecting a security interest in the document, and any
1667 security interest in the goods otherwise perfected during such period is
1668 subject thereto.

1669 (3) A security interest in goods in the possession of a bailee other
1670 than one who has issued a negotiable document therefor is perfected
1671 by issuance of a document in the name of the secured party or by the
1672 bailee's receipt of notification of the secured party's interest or by filing
1673 as to the goods.

1674 (4) A security interest in instruments, certificated securities or
1675 negotiable documents is perfected without filing or the taking of
1676 possession for a period of twenty-one days from the time it attaches to
1677 the extent that it arises for new value given under a written security
1678 agreement.

1679 (5) A security interest remains perfected for a period of twenty-one
1680 days without filing where a secured party having a perfected security
1681 interest in an instrument, a certificated security, a negotiable document
1682 or goods in possession of a bailee other than one who has issued a
1683 negotiable document therefor: (a) Makes available to the debtor the
1684 goods or documents representing the goods for the purpose of
1685 ultimate sale or exchange or for the purpose of loading, unloading,
1686 storing, shipping, transshipping, manufacturing, processing or
1687 otherwise dealing with them in a manner preliminary to their sale or
1688 exchange, but priority between conflicting security interests in the
1689 goods is subject to subsection (3) of section 42a-9-312; or (b) delivers
1690 the instrument or certificated security to the debtor for the purpose of
1691 ultimate sale or exchange or of presentation, collection, renewal or
1692 registration of transfer.

1693 (6) After the twenty-one-day period in subsections (4) and (5)
1694 perfection depends upon compliance with applicable provisions of this
1695 article.]

1696 (a) The local law of a bank's jurisdiction governs perfection, the
1697 effect of perfection or nonperfection and the priority of a security
1698 interest in a deposit account maintained with that bank.

1699 (b) The following rules determine a bank's jurisdiction for purposes
1700 of this part:

1701 (1) If an agreement between the bank and the debtor governing the
1702 deposit account expressly provides that a particular jurisdiction is the
1703 bank's jurisdiction for purposes of this part, this article or this title, that
1704 jurisdiction is the bank's jurisdiction.

1705 (2) If subdivision (1) does not apply and an agreement between the
1706 bank and its customer governing the deposit account expressly
1707 provides that the agreement is governed by the law of a particular
1708 jurisdiction, that jurisdiction is the bank's jurisdiction.

1709 (3) If neither subdivision (1) nor subdivision (2) applies and an
1710 agreement between the bank and its customer governing the deposit
1711 account expressly provides that the deposit account is maintained at an
1712 office in a particular jurisdiction, that jurisdiction is the bank's
1713 jurisdiction.

1714 (4) If none of the preceding subdivisions applies, the bank's
1715 jurisdiction is the jurisdiction in which the office identified in an
1716 account statement as the office serving the customer's account is
1717 located.

1718 (5) If none of the preceding subdivisions applies, the bank's
1719 jurisdiction is the jurisdiction in which the chief executive office of the
1720 bank is located.

1721 Sec. 25. Section 42a-9-305 of the general statutes is repealed and the
1722 following is substituted in lieu thereof:

1723 [A security interest in goods, instruments, money, negotiable
1724 documents or chattel paper may be perfected by the secured party's

1725 taking possession of the collateral. A security interest in the right to
1726 proceeds of a written letter of credit may be perfected by the secured
1727 party's taking possession of the letter of credit. If such collateral other
1728 than goods covered by a negotiable document is held by a bailee, the
1729 secured party is deemed to have possession from the time the bailee
1730 receives notification of the secured party's interest. A security interest
1731 is perfected by possession from the time possession is taken without
1732 relation back and continues only so long as possession is retained,
1733 unless otherwise specified in this article. The security interest may be
1734 otherwise perfected as provided in this article before or after the
1735 period of possession by the secured party.]

1736 (a) Except as otherwise provided in subsection (c), the following
1737 rules apply:

1738 (1) While a security certificate is located in a jurisdiction, the local
1739 law of that jurisdiction governs perfection, the effect of perfection or
1740 nonperfection and the priority of a security interest in the certificated
1741 security represented thereby.

1742 (2) The local law of the issuer's jurisdiction as specified in
1743 subsection (d) of section 42a-8-110 governs perfection, the effect of
1744 perfection or nonperfection and the priority of a security interest in an
1745 uncertificated security.

1746 (3) The local law of the securities intermediary's jurisdiction as
1747 specified in subsection (e) of section 42a-8-110, as amended by this act,
1748 governs perfection, the effect of perfection or nonperfection and the
1749 priority of a security interest in a security entitlement or securities
1750 account.

1751 (4) The local law of the commodity intermediary's jurisdiction
1752 governs perfection, the effect of perfection or nonperfection and the
1753 priority of a security interest in a commodity contract or commodity
1754 account.

1755 (b) The following rules determine a commodity intermediary's
1756 jurisdiction for purposes of this part:

1757 (1) If an agreement between the commodity intermediary and
1758 commodity customer governing the commodity account expressly
1759 provides that a particular jurisdiction is the commodity intermediary's
1760 jurisdiction for purposes of this part, this article or this title, that
1761 jurisdiction is the commodity intermediary's jurisdiction.

1762 (2) If subdivision (1) does not apply and an agreement between the
1763 commodity intermediary and commodity customer governing the
1764 commodity account expressly provides that the agreement is governed
1765 by the law of a particular jurisdiction, that jurisdiction is the
1766 commodity intermediary's jurisdiction.

1767 (3) If neither subdivision (1) nor subdivision (2) applies and an
1768 agreement between the commodity intermediary and commodity
1769 customer governing the commodity account expressly provides that
1770 the commodity account is maintained at an office in a particular
1771 jurisdiction, that jurisdiction is the commodity intermediary's
1772 jurisdiction.

1773 (4) If none of the preceding subdivisions applies, the commodity
1774 intermediary's jurisdiction is the jurisdiction in which the office
1775 identified in an account statement as the office serving the commodity
1776 customer's account is located.

1777 (5) If none of the preceding subdivisions applies, the commodity
1778 intermediary's jurisdiction is the jurisdiction in which the chief
1779 executive office of the commodity intermediary is located.

1780 (c) The local law of the jurisdiction in which the debtor is located
1781 governs:

1782 (1) Perfection of a security interest in investment property by filing;

1783 (2) Automatic perfection of a security interest in investment

1784 property created by a broker or securities intermediary; and

1785 (3) Automatic perfection of a security interest in a commodity
1786 contract or commodity account created by a commodity intermediary.

1787 Sec. 26. Section 42a-9-306 of the general statutes is repealed and the
1788 following is substituted in lieu thereof:

1789 [(1) "Proceeds" includes whatever is received upon the sale,
1790 exchange, collection or other disposition of collateral or proceeds.
1791 Insurance payable by reason of loss or damage to the collateral is
1792 proceeds, except to the extent that it is payable to a person other than a
1793 party to the security agreement. Money, checks, deposit accounts and
1794 the like are "cash proceeds". All other proceeds are "noncash proceeds".

1795 (2) Except where this article otherwise provides, a security interest
1796 continues in collateral notwithstanding sale, exchange or other
1797 disposition thereof unless the disposition was authorized by the
1798 secured party in the security agreement or otherwise, and also
1799 continues in any identifiable proceeds including collections received
1800 by the debtor.

1801 (3) The security interest in proceeds is a continuously perfected
1802 security interest if the interest in the original collateral was perfected
1803 but it ceases to be a perfected security interest and becomes
1804 unperfected ten days after receipt of the proceeds by the debtor unless
1805 (a) a filed financing statement covers the original collateral and the
1806 proceeds are collateral in which a security interest may be perfected by
1807 filing in the office or offices where the financing statement has been
1808 filed and, if the proceeds are acquired with cash proceeds, the
1809 description of collateral in the financing statement indicates the types
1810 of property constituting the proceeds; or (b) a filed financing statement
1811 covers the original collateral and the proceeds are identifiable cash
1812 proceeds; or (c) the original collateral was investment property and the
1813 proceeds are identifiable cash proceeds; or (d) the security interest in
1814 the proceeds is perfected before the expiration of the ten-day period.

1815 Except as provided in this section, a security interest in proceeds can
1816 be perfected only by the methods or under the circumstances
1817 permitted in this article for original collateral of the same type.

1818 (4) In the event of insolvency proceedings instituted by or against a
1819 debtor, a secured party with a perfected security interest in proceeds
1820 has a perfected security interest only in the following proceeds: (a) In
1821 identifiable noncash proceeds and in separate deposit accounts
1822 containing only proceeds; (b) in identifiable cash proceeds in the form
1823 of money which is neither commingled with other money nor
1824 deposited in a deposit account prior to the insolvency proceedings; (c)
1825 in identifiable cash proceeds in the form of checks and the like which
1826 are not deposited in a deposit account prior to the insolvency
1827 proceedings; and (d) in all cash and deposit accounts of the debtor, in
1828 which proceeds have been commingled with other funds, but the
1829 perfected security interest under this subdivision (d) is (i) subject to
1830 any right of set-off; and (ii) limited to an amount not greater than the
1831 amount of any cash proceeds received by the debtor within ten days
1832 before the institution of the insolvency proceedings less the sum of (A)
1833 the payments to the secured party on account of cash proceeds
1834 received by the debtor during such period and (B) the cash proceeds
1835 received by the debtor during such period to which the secured party
1836 is entitled under subdivisions (a) to (c), inclusive, of this subsection.

1837 (5) If a sale of goods results in an account or chattel paper which is
1838 transferred by the seller to a secured party, and if the goods are
1839 returned to or are repossessed by the seller or the secured party, the
1840 following rules determine priorities: (a) If the goods were collateral at
1841 the time of sale for an indebtedness of the seller which is still unpaid,
1842 the original security interest attaches again to the goods and continues
1843 as a perfected security interest if it was perfected at the time when the
1844 goods were sold. If the security interest was originally perfected by a
1845 filing which is still effective, nothing further is required to continue the
1846 perfected status; in any other case, the secured party must take
1847 possession of the returned or repossessed goods or must file. (b) An

1848 unpaid transferee of the chattel paper has a security interest in the
 1849 goods against the transferor. Such security interest is prior to a security
 1850 interest asserted under paragraph (a) to the extent that the transferee
 1851 of the chattel paper was entitled to priority under section 42a-9-308. (c)
 1852 An unpaid transferee of the account has a security interest in the goods
 1853 against the transferor. Such security interest is subordinate to a
 1854 security interest asserted under subdivision (a) of this subsection. (d) A
 1855 security interest of an unpaid transferee asserted under subdivision (b)
 1856 or (c) of this subsection has to be perfected for protection against
 1857 creditors of the transferor and purchasers of the returned or
 1858 repossessed goods.]

1859 (a) Subject to subsection (c), the local law of the issuer's jurisdiction
 1860 or a nominated person's jurisdiction governs perfection, the effect of
 1861 perfection or nonperfection and the priority of a security interest in a
 1862 letter-of-credit right if the issuer's jurisdiction or nominated person's
 1863 jurisdiction is a state.

1864 (b) For purposes of this part, an issuer's jurisdiction or nominated
 1865 person's jurisdiction is the jurisdiction whose law governs the liability
 1866 of the issuer or nominated person with respect to the letter-of-credit
 1867 right as provided in section 42a-5-116.

1868 (c) This section does not apply to a security interest that is perfected
 1869 only under subsection (d) of section 42a-9-308, as amended by this act.

1870 Sec. 27. Section 42a-9-307 of the general statutes is repealed and the
 1871 following is substituted in lieu thereof:

1872 [(1) A buyer in ordinary course of business as defined by subsection
 1873 (9) of section 42a-1-201 other than a person buying farm products from
 1874 a person engaged in farming operations takes free of a security interest
 1875 created by his seller even though the security interest is perfected and
 1876 even though the buyer knows of its existence.

1877 (2) In the case of consumer goods a buyer takes free of a security

1878 interest even though perfected if he buys without knowledge of the
1879 security interest, for value and for his own personal, family or
1880 household purposes unless prior to the purchase the secured party has
1881 filed a financing statement covering such goods.

1882 (3) A buyer, other than a buyer in ordinary course of business, takes
1883 free of a security interest to the extent that it secures future advances
1884 made after the secured party acquires knowledge of the purchase, or
1885 more than forty-five days after the purchase, whichever first occurs,
1886 unless made pursuant to a commitment entered into without
1887 knowledge of the purchase and before the expiration of the forty-five-
1888 day period.]

1889 (a) In this section, "place of business" means a place where a debtor
1890 conducts its affairs.

1891 (b) Except as otherwise provided in this section, the following rules
1892 determine a debtor's location:

1893 (1) A debtor who is an individual is located at the individual's
1894 principal residence.

1895 (2) A debtor that is an organization and has only one place of
1896 business is located at its place of business.

1897 (3) A debtor that is an organization and has more than one place of
1898 business is located at its chief executive office.

1899 (c) Subsection (b) applies only if a debtor's residence, place of
1900 business or chief executive office, as applicable, is located in a
1901 jurisdiction whose law generally requires information concerning the
1902 existence of a nonpossessory security interest to be made generally
1903 available in a filing, recording or registration system as a condition or
1904 result of the security interest's obtaining priority over the rights of a
1905 lien creditor with respect to the collateral. If subsection (b) does not
1906 apply, the debtor is located in the District of Columbia.

1907 (d) A person that ceases to exist, have a residence or have a place of
1908 business continues to be located in the jurisdiction specified by
1909 subsections (b) and (c).

1910 (e) A registered organization that is organized under the law of a
1911 state is located in that state.

1912 (f) Except as otherwise provided in subsection (i), a registered
1913 organization that is organized under the law of the United States and a
1914 branch or agency of a bank that is not organized under the law of the
1915 United States or a state are located:

1916 (1) In the state that the law of the United States designates, if the law
1917 designates a state of location;

1918 (2) In the state that the registered organization, branch or agency
1919 designates, if the law of the United States authorizes the registered
1920 organization, branch or agency to designate its state of location; or

1921 (3) In the District of Columbia, if neither subdivision (1) nor
1922 subdivision (2) applies.

1923 (g) A registered organization continues to be located in the
1924 jurisdiction specified by subsection (e) or (f) notwithstanding:

1925 (1) The suspension, revocation, forfeiture or lapse of the registered
1926 organization's status as such in its jurisdiction of organization; or

1927 (2) The dissolution, winding up or cancellation of the existence of
1928 the registered organization.

1929 (h) The United States is located in the District of Columbia.

1930 (i) A branch or agency of a bank that is not organized under the law
1931 of the United States or a state is located in the state in which the branch
1932 or agency is licensed, if all branches and agencies of the bank are
1933 licensed in only one state.

1934 (j) A foreign air carrier under the Federal Aviation Act of 1958, as
1935 amended, is located at the designated office of the agent upon which
1936 service of process may be made on behalf of the carrier.

1937 (k) This section applies only for purposes of this part.

1938 Sec. 28. Section 42a-9-308 of the general statutes is repealed and the
1939 following is substituted in lieu thereof:

1940 [A purchaser of chattel paper or an instrument, who gives new
1941 value and takes possession of it in the ordinary course of his business
1942 has priority over a security interest in the chattel paper or instrument
1943 (a) which is perfected under section 42a-9-304 or under section 42a-9-
1944 306 if he acts without knowledge that the specific paper or instrument
1945 is subject to a security interest; or (b) which is claimed merely as
1946 proceeds of inventory subject to a security interest as provided in
1947 section 42a-9-306 even though he knows that the specific paper is
1948 subject to the security interest.]

1949 (a) Except as otherwise provided in this section and section 42a-9-
1950 309, as amended by this act, a security interest is perfected if it has
1951 attached and all of the applicable requirements for perfection in
1952 sections 42a-9-310 to 42a-9-316, inclusive, as amended by this act, have
1953 been satisfied. A security interest is perfected when it attaches if the
1954 applicable requirements are satisfied before the security interest
1955 attaches.

1956 (b) An agricultural lien is perfected if it has become effective and all
1957 of the applicable requirements for perfection in section 42a-9-310, as
1958 amended by this act, have been satisfied. An agricultural lien is
1959 perfected when it becomes effective if the applicable requirements are
1960 satisfied before the agricultural lien becomes effective.

1961 (c) A security interest or agricultural lien is perfected continuously if
1962 it is originally perfected by one method under this article and is later
1963 perfected by another method under this article, without an

1964 intermediate period when it was unperfected.

1965 (d) Perfection of a security interest in collateral also perfects a
1966 security interest in a supporting obligation for the collateral.

1967 (e) Perfection of a security interest in a right to payment or
1968 performance also perfects a security interest in a security interest,
1969 mortgage or other lien on personal or real property securing the right.

1970 (f) Perfection of a security interest in a securities account also
1971 perfects a security interest in the security entitlements carried in the
1972 securities account.

1973 (g) Perfection of a security interest in a commodity account also
1974 perfects a security interest in the commodity contracts carried in the
1975 commodity account.

1976 Sec. 29. Section 42a-9-309 of the general statutes is repealed and the
1977 following is substituted in lieu thereof:

1978 [Nothing in this article limits the rights of a holder in due course of
1979 a negotiable instrument, as defined in section 42a-3-302, or a holder to
1980 whom a negotiable document of title has been duly negotiated as
1981 provided in section 42a-7-501 or a protected purchaser of a security as
1982 provided in section 42a-8-303 and such holders or purchasers take
1983 priority over an earlier security interest even though perfected. Filing
1984 under this article does not constitute notice of the security interest to
1985 such holders or purchasers.]

1986 The following security interests are perfected when they attach:

1987 (1) A purchase-money security interest in consumer goods, except as
1988 otherwise provided in subsection (b) of section 42a-9-311, as amended
1989 by this act, with respect to consumer goods that are subject to a statute
1990 or treaty described in subsection (a) of section 42a-9-311, as amended
1991 by this act;

- 1992 (2) An assignment of accounts or payment intangibles which does
1993 not by itself or in conjunction with other assignments to the same
1994 assignee transfer a significant part of the assignor's outstanding
1995 accounts or payment intangibles;
- 1996 (3) A sale of a payment intangible;
- 1997 (4) A sale of a promissory note;
- 1998 (5) A security interest created by the assignment of a health-care-
1999 insurance receivable to the provider of the health-care goods or
2000 services;
- 2001 (6) A security interest arising under section 42a-2-401, section 42a-2-
2002 505 or subsection (3) of section 42a-2-711, until the debtor obtains
2003 possession of the collateral;
- 2004 (7) A security interest of a collecting bank arising under section 42a-
2005 4-210;
- 2006 (8) A security interest of an issuer or nominated person arising
2007 under section 42a-5-118, as amended by this act;
- 2008 (9) A security interest arising in the delivery of a financial asset
2009 under subsection (c) of section 42a-9-206, as amended by this act;
- 2010 (10) A security interest in investment property created by a broker or
2011 securities intermediary;
- 2012 (11) A security interest in a commodity contract or a commodity
2013 account created by a commodity intermediary;
- 2014 (12) An assignment for the benefit of all creditors of the transferor
2015 and subsequent transfers by the assignee thereunder; and
- 2016 (13) A security interest created by an assignment of a beneficial
2017 interest in a decedent's estate.

2018 Sec. 30. Section 42a-9-310 of the general statutes is repealed and the
2019 following is substituted in lieu thereof:

2020 [When a person in the ordinary course of his business furnishes
2021 services or materials with respect to goods subject to a security
2022 interest, a lien upon goods in the possession of such person given by
2023 statute or rule of law for such materials or services takes priority over a
2024 perfected security interest unless the lien is statutory and the statute
2025 expressly provides otherwise.]

2026 (a) Except as otherwise provided in subsection (b) of this section
2027 and subsection (b) of section 42a-9-312, as amended by this act, a
2028 financing statement must be filed to perfect all security interests and
2029 agricultural liens.

2030 (b) The filing of a financing statement is not necessary to perfect a
2031 security interest:

2032 (1) That is perfected under subsection (d), (e), (f) or (g) of section
2033 42a-9-308, as amended by this act;

2034 (2) That is perfected under section 42a-9-309, as amended by this act,
2035 when it attaches;

2036 (3) In property subject to a statute, regulation or treaty described in
2037 subsection (a) of section 42a-9-311, as amended by this act;

2038 (4) In goods in possession of a bailee which is perfected under
2039 subdivision (1) or (2) of subsection (d) of section 42a-9-312, as amended
2040 by this act;

2041 (5) In certificated securities, documents, goods or instruments which
2042 is perfected without filing or possession under subsection (e), (f) or (g)
2043 of section 42a-9-312, as amended by this act;

2044 (6) In collateral in the secured party's possession under section 42a-
2045 9-313, as amended by this act;

2046 (7) In a certificated security which is perfected by delivery of the
2047 security certificate to the secured party under section 42a-9-313, as
2048 amended by this act;

2049 (8) In deposit accounts, electronic chattel paper, investment property
2050 or letter-of-credit rights which is perfected by control under section
2051 42a-9-314, as amended by this act;

2052 (9) In proceeds which is perfected under section 42a-9-315, as
2053 amended by this act; or

2054 (10) That is perfected under section 42a-9-316, as amended by this
2055 act.

2056 (c) If a secured party assigns a perfected security interest or
2057 agricultural lien, a filing under this article is not required to continue
2058 the perfected status of the security interest against creditors of and
2059 transferees from the original debtor.

2060 Sec. 31. Section 42a-9-311 of the general statutes is repealed and the
2061 following is substituted in lieu thereof:

2062 [The debtor's rights in collateral may be voluntarily or involuntarily
2063 transferred, by way of sale, creation of a security interest, attachment,
2064 levy, garnishment or other judicial process, notwithstanding a
2065 provision in the security agreement prohibiting any transfer or making
2066 the transfer constitute a default.]

2067 (a) Except as otherwise provided in subsection (d) of this section,
2068 the filing of a financing statement is not necessary or effective to
2069 perfect a security interest in property subject to:

2070 (1) A statute, regulation or treaty of the United States whose
2071 requirements for a security interest's obtaining priority over the rights
2072 of a lien creditor with respect to the property preempt subsection (a) of
2073 section 42a-9-310, as amended by this act;

2074 (2) Any certificate-of-title statute covering automobiles, trailers,
2075 mobile homes, boats, farm tractors or the like, which provides for a
2076 security interest to be indicated on the certificate as a condition or
2077 result of perfection, and any non-Uniform Commercial Code central
2078 filing statute, including chapter 247, but during any period in which
2079 collateral is inventory held for sale by a person who is in the business
2080 of selling goods of that kind, the filing provisions of sections 42a-9-501
2081 to 42a-9-507, inclusive, as amended by this act, and sections 79 to 97,
2082 inclusive, of this act, apply to a security interest in that collateral
2083 created by that person as debtor, section 21-67a, section 49-5, chapter
2084 282 and chapter 283; or

2085 (3) A certificate-of-title statute of another jurisdiction which
2086 provides for a security interest to be indicated on the certificate as a
2087 condition or result of the security interest's obtaining priority over the
2088 rights of a lien creditor with respect to the property.

2089 (b) Compliance with the requirements of a statute, regulation or
2090 treaty described in subsection (a) of this section for obtaining priority
2091 over the rights of a lien creditor is equivalent to the filing of a financing
2092 statement under this article. Except as otherwise provided in
2093 subsection (d) of this section, section 42a-9-313, as amended by this act,
2094 and subsections (d) and (e) of section 42a-9-316, as amended by this
2095 act, for goods covered by a certificate of title, a security interest in
2096 property subject to a statute, regulation or treaty described in
2097 subsection (a) of this section may be perfected only by compliance with
2098 those requirements, and a security interest so perfected remains
2099 perfected notwithstanding a change in the use or transfer of possession
2100 of the collateral.

2101 (c) Except as otherwise provided in subsection (d) of this section
2102 and subsections (d) and (e) of section 42a-9-316, as amended by this
2103 act, duration and renewal of perfection of a security interest perfected
2104 by compliance with the requirements prescribed by a statute,
2105 regulation or treaty described in subsection (a) of this section are

2106 governed by the statute, regulation or treaty. In other respects, the
2107 security interest is subject to this article.

2108 (d) During any period in which collateral subject to a statute
2109 specified in subdivision (2) of subsection (a) of this section is inventory
2110 held for sale or lease by a person or leased by that person as lessor and
2111 that person is in the business of selling goods of that kind, this section
2112 does not apply to a security interest in that collateral created by that
2113 person.

2114 Sec. 32. Section 42a-9-312 of the general statutes is repealed and the
2115 following is substituted in lieu thereof:

2116 [(1) The rules of priority stated in other sections of this part and in
2117 the following sections shall govern when applicable: Section 42a-4-210
2118 with respect to the security interest of collecting banks in items being
2119 collected, accompanying documents and proceeds; section 42a-9-103a
2120 on security interests related to other jurisdictions; section 42a-9-114 on
2121 consignments; section 42a-9-115 on security interests in investment
2122 property.

2123 (2) A perfected security interest in crops for new value given to
2124 enable the debtor to produce the crops during the production season
2125 and given not more than three months before the crops become
2126 growing crops by planting or otherwise takes priority over an earlier
2127 perfected security interest to the extent that such earlier interest
2128 secures obligations due more than six months before the crops become
2129 growing crops by planting or otherwise, even though the person
2130 giving new value had knowledge of the earlier security interest.

2131 (3) A perfected purchase money security interest in inventory has
2132 priority over a conflicting security interest in the same inventory and
2133 also has priority in identifiable cash proceeds received on or before the
2134 delivery of the inventory to a buyer if (a) the purchase money security
2135 interest is perfected at the time the debtor receives possession of the
2136 inventory; and (b) the purchase money secured party gives notification

2137 in writing to the holder of the conflicting security interest if the holder
2138 had filed a financing statement covering the same types of inventory
2139 (i) before the date of the filing made by the purchase money secured
2140 party, or (ii) before the beginning of the twenty-one-day period where
2141 the purchase money security interest is temporarily perfected without
2142 filing or possession; and (c) the holder of the conflicting security
2143 interest receives the notification within five years before the debtor
2144 receives possession of the inventory; and (d) the notification states that
2145 the person giving the notice has or expects to acquire a purchase
2146 money security interest in inventory of the debtor, describing such
2147 inventory by item or type.

2148 (4) A purchase money security interest in collateral other than
2149 inventory has priority over a conflicting security interest in the same
2150 collateral or its proceeds if the purchase money security interest is
2151 perfected at the time the debtor receives possession of the collateral or
2152 within twenty days thereafter.

2153 (5) In all cases not governed by other rules stated in this section,
2154 including cases of purchase money security interests which do not
2155 qualify for the special priorities set forth in subsections (3) and (4) of
2156 this section, priority between conflicting security interests in the same
2157 collateral shall be determined according to the following rules: (a)
2158 Conflicting security interests rank according to priority in time of filing
2159 or perfection. Priority dates from the time a filing is first made
2160 covering the collateral or the time the security interest is first perfected,
2161 whichever is earlier, provided there is no period thereafter when there
2162 is neither filing nor perfection; (b) so long as conflicting security
2163 interests are unperfected, the first to attach has priority.

2164 (6) For the purposes of subsection (5) of this section, a date of filing
2165 or perfection as to collateral is also a date of filing or perfection as to
2166 proceeds.

2167 (7) If future advances are made while a security interest is perfected
2168 by filing, the taking of possession, or under section 42a-9-115 or 42a-9-

2169 116 on investment property, the security interest has the same priority
2170 for the purposes of subsection (5) of this section with respect to the
2171 future advances as it does with respect to the first advance. If a
2172 commitment is made before or while the security interest is so
2173 perfected, the security interest has the same priority with respect to
2174 advances made pursuant thereto. In other cases a perfected security
2175 interest has priority from the date the advance is made.]

2176 (a) A security interest in chattel paper, negotiable documents,
2177 instruments or investment property may be perfected by filing.

2178 (b) Except as otherwise provided in subsections (c) and (d) of
2179 section 42a-9-315, as amended by this act, for proceeds:

2180 (1) A security interest in a deposit account may be perfected only by
2181 control under section 42a-9-314, as amended by this act;

2182 (2) And except as otherwise provided in subsection (d) of section
2183 42a-9-308, as amended by this act, a security interest in a letter-of-
2184 credit right may be perfected only by control under section 42a-9-314,
2185 as amended by this act; and

2186 (3) A security interest in money may be perfected only by the
2187 secured party's taking possession under section 42a-9-313, as amended
2188 by this act.

2189 (c) While goods are in the possession of a bailee that has issued a
2190 negotiable document covering the goods:

2191 (1) A security interest in the goods may be perfected by perfecting a
2192 security interest in the document; and

2193 (2) A security interest perfected in the document has priority over
2194 any security interest that becomes perfected in the goods by another
2195 method during that time.

2196 (d) While goods are in the possession of a bailee that has issued a

2197 nonnegotiable document covering the goods, a security interest in the
2198 goods may be perfected by:

2199 (1) Issuance of a document in the name of the secured party;

2200 (2) The bailee's receipt of notification of the secured party's interest;
2201 or

2202 (3) Filing as to the goods.

2203 (e) A security interest in certificated securities, negotiable
2204 documents or instruments is perfected without filing or the taking of
2205 possession for a period of twenty days from the time it attaches to the
2206 extent that it arises for new value given under an authenticated
2207 security agreement.

2208 (f) A perfected security interest in a negotiable document or goods
2209 in possession of a bailee, other than one that has issued a negotiable
2210 document for the goods, remains perfected for twenty days without
2211 filing if the secured party makes available to the debtor the goods or
2212 documents representing the goods for the purpose of:

2213 (1) Ultimate sale or exchange; or

2214 (2) Loading, unloading, storing, shipping, transshipping,
2215 manufacturing, processing or otherwise dealing with them in a
2216 manner preliminary to their sale or exchange.

2217 (g) A perfected security interest in a certificated security or
2218 instrument remains perfected for twenty days without filing if the
2219 secured party delivers the security certificate or instrument to the
2220 debtor for the purpose of:

2221 (1) Ultimate sale or exchange; or

2222 (2) Presentation, collection, enforcement, renewal or registration of
2223 transfer.

2224 (h) After the twenty-day period specified in subsection (e), (f) or (g)
2225 expires, perfection depends upon compliance with this article.

2226 Sec. 33. Section 42a-9-313 of the general statutes is repealed and the
2227 following is substituted in lieu thereof:

2228 [(1) In this section and in the provisions of part 4 of this article
2229 referring to fixture filing, unless the context otherwise requires (a)
2230 goods are "fixtures" when they become so related to particular real
2231 estate that an interest in them arises under real estate law; (b) a "fixture
2232 filing" is the filing in the office where a mortgage on the real estate
2233 would be filed or recorded of a financing statement covering goods
2234 which are or are to become fixtures and conforming to the
2235 requirements of subsection (5) of section 42a-9-402; (c) a mortgage is a
2236 "construction mortgage" to the extent that it secures an obligation
2237 incurred for the construction of an improvement on land including the
2238 acquisition cost of the land, if the recorded writing so indicates.

2239 (2) A security interest under this article may be created in goods
2240 which are fixtures or may continue in goods which become fixtures,
2241 but no security interest exists under this article in ordinary building
2242 materials incorporated into an improvement on land.

2243 (3) This article does not prevent creation of an encumbrance upon
2244 fixtures pursuant to real estate law.

2245 (4) A perfected security interest in fixtures has priority over the
2246 conflicting interest of an encumbrancer or owner of the real estate
2247 where (a) the security interest is a purchase money security interest,
2248 the interest of the encumbrancer or owner arises before the goods
2249 become fixtures, the security interest is perfected by a fixture filing
2250 before the goods become fixtures or within ten days thereafter, and the
2251 debtor has an interest of record in the real estate or is in possession of
2252 the real estate; or (b) the security interest is perfected by a fixture filing
2253 before the interest of the encumbrancer or owner is of record, the
2254 security interest has priority over any conflicting interest of a

2255 predecessor in title of the encumbrancer or owner, and the debtor has
2256 an interest of record in the real estate or is in possession of the real
2257 estate; or (c) the fixtures are readily removable factory or office
2258 machines or readily removable replacements of domestic appliances
2259 which are consumer goods, and before the goods become fixtures the
2260 security interest is perfected by any method permitted by this article;
2261 or (d) the conflicting interest is a lien on the real estate obtained by
2262 legal or equitable proceedings after the security interest was perfected
2263 by any method permitted by this article.

2264 (5) A security interest in fixtures, whether or not perfected, has
2265 priority over the conflicting interest of an encumbrancer or owner of
2266 the real estate where (a) the encumbrancer or owner has consented in
2267 writing to the security interest or has disclaimed an interest in the
2268 goods as fixtures; or (b) the debtor has a right to remove the goods as
2269 against the encumbrancer or owner. If the debtor's right terminates,
2270 the priority of the security interest continues for a reasonable time.

2271 (6) Notwithstanding subdivision (a) of subsection (4) of this section
2272 but otherwise subject to subsections (4) and (5) of this section, a
2273 security interest in fixtures is subordinate to a construction mortgage
2274 recorded before the goods become fixtures if the goods become
2275 fixtures before the completion of the construction. To the extent that it
2276 is given to refinance a construction mortgage, a mortgage has this
2277 priority to the same extent as the construction mortgage.

2278 (7) In cases not within subsections (1) to (6), inclusive, of this
2279 section, a security interest in fixtures is subordinate to the conflicting
2280 interest of an encumbrancer or owner of the related real estate who is
2281 not the debtor.

2282 (8) When the secured party has priority over all owners and
2283 encumbrancers of the real estate, he may, on default, subject to the
2284 provisions of part 5 of this article, remove his collateral from the real
2285 estate but he must reimburse any encumbrancer or owner of the real
2286 estate who is not the debtor and who has not otherwise agreed for the

2287 cost of repair of any physical injury, but not for any diminution in
2288 value of the real estate caused by the absence of the goods removed or
2289 by any necessity for replacing them. A person entitled to
2290 reimbursement may refuse permission to remove until the secured
2291 party gives adequate security for the performance of this obligation.]

2292 (a) Except as otherwise provided in subsection (b) of this section, a
2293 secured party may perfect a security interest in negotiable documents,
2294 goods, instruments, money or tangible chattel paper by taking
2295 possession of the collateral. A secured party may perfect a security
2296 interest in certificated securities by taking delivery of the certificated
2297 securities under section 42a-8-301, as amended by this act.

2298 (b) With respect to goods covered by a certificate of title issued by
2299 this state, a secured party may perfect a security interest in the goods
2300 by taking possession of the goods only in the circumstances described
2301 in subsection (d) of section 42a-9-316, as amended by this act.

2302 (c) With respect to collateral other than certificated securities and
2303 goods covered by a document, a secured party takes possession of
2304 collateral in the possession of a person other than the debtor, the
2305 secured party or a lessee of the collateral from the debtor in the
2306 ordinary course of the debtor's business, when:

2307 (1) The person in possession authenticates a record acknowledging
2308 that it holds possession of the collateral for the secured party's benefit;
2309 or

2310 (2) The person takes possession of the collateral after having
2311 authenticated a record acknowledging that it will hold possession of
2312 collateral for the secured party's benefit.

2313 (d) If perfection of a security interest depends upon possession of
2314 the collateral by a secured party, perfection occurs no earlier than the
2315 time the secured party takes possession and continues only while the
2316 secured party retains possession.

2317 (e) A security interest in a certificated security in registered form is
2318 perfected by delivery when delivery of the certificated security occurs
2319 under section 42a-8-301, as amended by this act, and remains perfected
2320 by delivery until the debtor obtains possession of the security
2321 certificate.

2322 (f) A person in possession of collateral is not required to
2323 acknowledge that it holds possession for a secured party's benefit.

2324 (g) If a person acknowledges that it holds possession for the secured
2325 party's benefit:

2326 (1) The acknowledgment is effective under subsection (c) of this
2327 section or subsection (a) of section 42a-8-301, as amended by this act,
2328 even if the acknowledgment violates the rights of a debtor; and

2329 (2) Unless the person otherwise agrees or law other than this article
2330 otherwise provides, the person does not owe any duty to the secured
2331 party and is not required to confirm the acknowledgment to another
2332 person.

2333 (h) A secured party having possession of collateral does not
2334 relinquish possession by delivering the collateral to a person other
2335 than the debtor or a lessee of the collateral from the debtor in the
2336 ordinary course of the debtor's business if the person was instructed
2337 before the delivery or is instructed contemporaneously with the
2338 delivery:

2339 (1) To hold possession of the collateral for the secured party's
2340 benefit; or

2341 (2) To redeliver the collateral to the secured party.

2342 (i) A secured party does not relinquish possession, even if a delivery
2343 under subsection (h) violates the rights of a debtor. A person to which
2344 collateral is delivered under subsection (h) does not owe any duty to
2345 the secured party and is not required to confirm the delivery to

2346 another person unless the person otherwise agrees or law other than
2347 this article otherwise provides.

2348 Sec. 34. Section 42a-9-314 of the general statutes is repealed and the
2349 following is substituted in lieu thereof:

2350 [(1) A security interest in goods which attaches before they are
2351 installed in or affixed to other goods takes priority as to the goods
2352 installed or affixed, called in this section "accessions", over the claims
2353 of all persons to the whole except as stated in subsection (3) and
2354 subject to section 42a-9-315(1).

2355 (2) A security interest which attaches to goods after they become
2356 part of a whole is valid against all persons subsequently acquiring
2357 interests in the whole except as stated in subsection (3) but is invalid
2358 against any person with an interest in the whole at the time the
2359 security interest attaches to the goods who has not in writing
2360 consented to the security interest or disclaimed an interest in the goods
2361 as part of the whole.

2362 (3) The security interests described in subsections (1) and (2) do not
2363 take priority over (a) a subsequent purchaser for value of any interest
2364 in the whole; or (b) a creditor with a lien on the whole subsequently
2365 obtained by judicial proceedings; or (c) a creditor with a prior
2366 perfected security interest in the whole to the extent that he makes
2367 subsequent advances if the subsequent purchase is made, the lien by
2368 judicial proceedings obtained or the subsequent advance under the
2369 prior perfected security interest is made or contracted for without
2370 knowledge of the security interest and before it is perfected. A
2371 purchaser of the whole at a foreclosure sale other than the holder of a
2372 perfected security interest purchasing at his own foreclosure sale is a
2373 subsequent purchaser within this section.

2374 (4) When under subsections (1) or (2) and (3) a secured party has an
2375 interest in accessions which has priority over the claims of all persons
2376 who have interests in the whole, he may on default subject to the

2377 provisions of part 5 remove his collateral from the whole but he must
 2378 reimburse any encumbrancer or owner of the whole who is not the
 2379 debtor and who has not otherwise agreed for the cost of repair of any
 2380 physical injury but not for any diminution in value of the whole
 2381 caused by the absence of the goods removed or by any necessity for
 2382 replacing them. A person entitled to reimbursement may refuse
 2383 permission to remove until the secured party gives adequate security
 2384 for the performance of this obligation.]

2385 (a) A security interest in investment property, deposit accounts,
 2386 letter-of-credit rights or electronic chattel paper may be perfected by
 2387 control of the collateral under section 42a-9-104, as amended by this
 2388 act, 42a-9-105, as amended by this act, 42a-9-106, as amended by this
 2389 act, or 42a-9-107, as amended by this act.

2390 (b) A security interest in deposit accounts, electronic chattel paper or
 2391 letter-of-credit rights is perfected by control under section 42a-9-104, as
 2392 amended by this act, 42a-9-105, as amended by this act, or 42a-9-107, as
 2393 amended by this act, when the secured party obtains control and
 2394 remains perfected by control only while the secured party retains
 2395 control.

2396 (c) A security interest in investment property is perfected by control
 2397 under section 42a-9-106, as amended by this act, from the time the
 2398 secured party obtains control and remains perfected by control until:

2399 (1) The secured party does not have control; and

2400 (2) One of the following occurs:

2401 (A) If the collateral is a certificated security, the debtor has or
 2402 acquires possession of the security certificate;

2403 (B) If the collateral is an uncertificated security, the issuer has
 2404 registered or registers the debtor as the registered owner; or

2405 (C) If the collateral is a security entitlement, the debtor is or becomes

2406 the entitlement holder.

2407 Sec. 35. Section 42a-9-315 of the general statutes is repealed and the
2408 following is substituted in lieu thereof:

2409 [(1) If a security interest in goods was perfected and subsequently
2410 the goods or a part thereof have become part of a product or mass, the
2411 security interest continues in the product or mass if (a) the goods are
2412 so manufactured, processed, assembled or commingled that their
2413 identity is lost in the product or mass; or (b) a financing statement
2414 covering the original goods also covers the product into which the
2415 goods have been manufactured, processed or assembled. In a case to
2416 which paragraph (b) applies, no separate security interest in that part
2417 of the original goods which has been manufactured, processed or
2418 assembled into the product may be claimed under section 42a-9-314.

2419 (2) When under subsection (1) more than one security interest
2420 attaches to the product or mass, they rank equally according to the
2421 ratio that the cost of the goods to which each interest originally
2422 attached bears to the cost of the total product or mass.]

2423 (a) Except as otherwise provided in this article and in subsection (2)
2424 of section 42a-2-403:

2425 (1) A security interest or agricultural lien continues in collateral
2426 notwithstanding sale, lease, license, exchange or other disposition
2427 thereof unless the secured party authorized the disposition free of the
2428 security interest or agricultural lien; and

2429 (2) A security interest attaches to any identifiable proceeds of
2430 collateral.

2431 (b) Proceeds that are commingled with other property are
2432 identifiable proceeds:

2433 (1) If the proceeds are goods, to the extent provided by section 56 of
2434 this act; and

2435 (2) If the proceeds are not goods, to the extent that the secured party
2436 identifies the proceeds by a method of tracing, including application of
2437 equitable principles, that is permitted under law other than this article
2438 with respect to commingled property of the type involved.

2439 (c) A security interest in proceeds is a perfected security interest if
2440 the security interest in the original collateral was perfected.

2441 (d) A perfected security interest in proceeds becomes unperfected on
2442 the twenty-first day after the security interest attaches to the proceeds
2443 unless:

2444 (1) The following conditions are satisfied:

2445 (A) A filed financing statement covers the original collateral;

2446 (B) The proceeds are collateral in which a security interest may be
2447 perfected by filing in the office in which the financing statement has
2448 been filed; and

2449 (C) The proceeds are not acquired with cash proceeds;

2450 (2) The proceeds are identifiable cash proceeds; or

2451 (3) The security interest in the proceeds is perfected other than
2452 under subsection (c) of this section when the security interest attaches
2453 to the proceeds or within twenty days thereafter.

2454 (e) If a filed financing statement covers the original collateral, a
2455 security interest in proceeds which remains perfected under
2456 subdivision (1) of subsection (d) of this section becomes unperfected at
2457 the later of:

2458 (1) When the effectiveness of the filed financing statement lapses
2459 under section 86 of this act, or is terminated under section 84 of this
2460 act; or

2461 (2) The twenty-first day after the security interest attaches to the

2462 proceeds.

2463 Sec. 36. Section 42a-9-316 of the general statutes is repealed and the
2464 following is substituted in lieu thereof:

2465 [Nothing in this article prevents subordination by agreement by any
2466 person entitled to priority.]

2467 (a) A security interest perfected pursuant to the law of the
2468 jurisdiction designated in subdivision (1) of section 42a-9-301, as
2469 amended by this act, or subsection (c) of section 42a-9-305, as amended
2470 by this act, remains perfected until the earliest of:

2471 (1) The time perfection would have ceased under the law of that
2472 jurisdiction;

2473 (2) The expiration of four months after a change of the debtor's
2474 location to another jurisdiction;

2475 (3) The expiration of one year after a transfer of collateral to a
2476 person that thereby becomes a debtor and is located in another
2477 jurisdiction; or

2478 (4) The expiration of one year after a new debtor located in another
2479 jurisdiction becomes bound under subsection (d) of section 42a-9-203,
2480 as amended by this act.

2481 (b) If a security interest described in subsection (a) becomes
2482 perfected under the law of the other jurisdiction before the earliest
2483 time or event described in that subsection, it remains perfected
2484 thereafter. If the security interest does not become perfected under the
2485 law of the other jurisdiction before the earliest time or event, it
2486 becomes unperfected and is deemed never to have been perfected as
2487 against a purchaser of the collateral for value.

2488 (c) A possessory security interest in collateral, other than goods
2489 covered by a certificate of title and as-extracted collateral consisting of

2490 goods, remains continuously perfected if:

2491 (1) The collateral is located in one jurisdiction and subject to a
2492 security interest perfected under the law of that jurisdiction;

2493 (2) Thereafter the collateral is brought into another jurisdiction; and

2494 (3) Upon entry into the other jurisdiction, the security interest is
2495 perfected under the law of the other jurisdiction.

2496 (d) Except as otherwise provided in subsection (e), a security
2497 interest in goods covered by a certificate of title which is perfected by
2498 any method under the law of another jurisdiction when the goods
2499 become covered by a certificate of title from this state remains
2500 perfected until the security interest would have become unperfected
2501 under the law of the other jurisdiction had the goods not become so
2502 covered.

2503 (e) A security interest described in subsection (d) becomes
2504 unperfected as against a purchaser of the goods for value and is
2505 deemed never to have been perfected as against a purchaser of the
2506 goods for value if the applicable requirements for perfection under
2507 subsection (b) of section 42a-9-311, as amended by this act, or section
2508 42a-9-313, as amended by this act, are not satisfied before the earlier of:

2509 (1) The time the security interest would have become unperfected
2510 under the law of the other jurisdiction had the goods not become
2511 covered by a certificate of title from this state; or

2512 (2) The expiration of four months after the goods had become so
2513 covered.

2514 (f) A security interest in deposit accounts, letter-of-credit rights or
2515 investment property which is perfected under the law of the bank's
2516 jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction,
2517 the securities intermediary's jurisdiction or the commodity
2518 intermediary's jurisdiction, as applicable, remains perfected until the

2519 earlier of:

2520 (1) The time the security interest would have become unperfected
2521 under the law of that jurisdiction; or

2522 (2) The expiration of four months after a change of the applicable
2523 jurisdiction to another jurisdiction.

2524 (g) If a security interest described in subsection (f) becomes
2525 perfected under the law of the other jurisdiction before the earlier of
2526 the time or the end of the period described in that subsection, it
2527 remains perfected thereafter. If the security interest does not become
2528 perfected under the law of the other jurisdiction before the earlier of
2529 that time or the end of that period, it becomes unperfected and is
2530 deemed never to have been perfected as against a purchaser of the
2531 collateral for value.

2532 Sec. 37. Section 42a-9-317 of the general statutes is repealed and the
2533 following is substituted in lieu thereof:

2534 [The mere existence of a security interest or authority given to the
2535 debtor to dispose of or use collateral does not impose contract or tort
2536 liability upon the secured party for the debtor's acts or omissions.]

2537 (a) A security interest or agricultural lien is subordinate to the rights
2538 of:

2539 (1) A person entitled to priority under section 42 of this act; and

2540 (2) Except as otherwise provided in subsection (e), a person that
2541 becomes a lien creditor before the earlier of the time:

2542 (A) The security interest or agricultural lien is perfected; or

2543 (B) One of the conditions specified in subdivision (3) of subsection
2544 (b) of section 42a-9-203, as amended by this act, is met and a financing
2545 statement covering the collateral is filed.

2546 (b) Except as otherwise provided in subsection (e), a buyer, other
2547 than a secured party, of tangible chattel paper, documents, goods,
2548 instruments or a security certificate takes free of a security interest or
2549 agricultural lien if the buyer gives value and receives delivery of the
2550 collateral without knowledge of the security interest or agricultural
2551 lien and before it is perfected.

2552 (c) Except as otherwise provided in subsection (e), a lessee of goods
2553 takes free of a security interest or agricultural lien if the lessee gives
2554 value and receives delivery of the collateral without knowledge of the
2555 security interest or agricultural lien and before it is perfected.

2556 (d) A licensee of a general intangible or a buyer, other than a secured
2557 party, of accounts, electronic chattel paper, general intangibles or
2558 investment property other than a certificated security takes free of a
2559 security interest if the licensee or buyer gives value without
2560 knowledge of the security interest and before it is perfected.

2561 (e) Except as otherwise provided in sections 40 and 41 of this act, if a
2562 person files a financing statement with respect to a purchase-money
2563 security interest before or within twenty days after the debtor receives
2564 delivery of the collateral, the security interest takes priority over the
2565 rights of a buyer, lessee or lien creditor which arise between the time
2566 the security interest attaches and the time of filing.

2567 Sec. 38. Section 42a-9-318 of the general statutes is repealed and the
2568 following is substituted in lieu thereof:

2569 [(1) Unless an account debtor has made an enforceable agreement
2570 not to assert defenses or claims arising out of a sale as provided in
2571 section 42a-9-206 the rights of an assignee are subject to (a) all the
2572 terms of the contract between the account debtor and assignor and any
2573 defense or claim arising therefrom; and (b) any other defense or claim
2574 of the account debtor against the assignor which accrues before the
2575 account debtor receives notification of the assignment.

2576 (2) So far as the right to payment or a part thereof under an assigned
2577 contract right has not been fully earned by performance and
2578 notwithstanding notification of the assignment, any modification of or
2579 substitution for the contract made in good faith and in accordance with
2580 reasonable commercial standards is effective against an assignee
2581 unless the account debtor has otherwise agreed but the assignee
2582 acquires corresponding rights under the modified or substituted
2583 contract. The assignment may provide that such modification or
2584 substitution is a breach by the assignor.

2585 (3) The account debtor is authorized to pay the assignor until the
2586 account debtor receives notification that the amount due or to become
2587 due has been assigned and that payment is to be made to the assignee.
2588 A notification which does not reasonably identify the rights assigned is
2589 ineffective. If requested by the account debtor, the assignee must
2590 seasonably furnish reasonable proof that the assignment has been
2591 made and unless he does so the account debtor may pay the assignor.

2592 (4) A term in any contract between an account debtor and an
2593 assignor is ineffective if it prohibits assignment of an account or
2594 prohibits creation of a security interest in a general intangible for
2595 money due or to become due or requires the account debtor's consent
2596 to such assignment or security interest.]

2597 (a) A debtor that has sold an account, chattel paper, payment
2598 intangible or promissory note does not retain a legal or equitable
2599 interest in the collateral sold.

2600 (b) For purposes of determining the rights of creditors of, and
2601 purchasers for value of an account or chattel paper from, a debtor that
2602 has sold an account or chattel paper, while the buyer's security interest
2603 is unperfected, the debtor is deemed to have rights and title to the
2604 account or chattel paper identical to those the debtor sold.

2605 Sec. 39. (NEW) (a) Except as otherwise provided in subsection (b) of
2606 this section, for purposes of determining the rights of creditors of, and

2607 purchasers for value of goods from, a consignee, while the goods are in
2608 the possession of the consignee, the consignee is deemed to have rights
2609 and title to the goods identical to those the consignor had or had
2610 power to transfer.

2611 (b) For purposes of determining the rights of a creditor of a
2612 consignee, law other than this article determines the rights and title of
2613 a consignee while goods are in the consignee's possession if, under
2614 sections 42a-9-301 to 42a-9-318, inclusive, of the general statutes, as
2615 amended by this act, and sections 39 to 62, inclusive, of this act, a
2616 perfected security interest held by the consignor would have priority
2617 over the rights of the creditor.

2618 Sec. 40. (NEW) (a) Except as otherwise provided in subsection (e) of
2619 this section, a buyer in ordinary course of business, other than a person
2620 buying farm products from a person engaged in farming operations,
2621 takes free of a security interest created by the buyer's seller, even if the
2622 security interest is perfected and the buyer knows of its existence.

2623 (b) Except as otherwise provided in subsection (e) of this section, a
2624 buyer of goods from a person who used or bought the goods for use
2625 primarily for personal, family or household purposes takes free of a
2626 security interest, even if perfected, if the buyer buys:

2627 (1) Without knowledge of the security interest;

2628 (2) For value;

2629 (3) Primarily for the buyer's personal, family or household
2630 purposes; and

2631 (4) Before the filing of a financing statement covering the goods.

2632 (c) To the extent that it affects the priority of a security interest over
2633 a buyer of goods under subsection (b) of this section, the period of
2634 effectiveness of a filing made in the jurisdiction in which the seller is
2635 located is governed by subsections (a) and (b) of section 42a-9-316 of

2636 the general statutes, as amended by this act.

2637 (d) A buyer in ordinary course of business buying oil, gas or other
2638 minerals at the wellhead or minehead or after extraction takes free of
2639 an interest arising out of an encumbrance.

2640 (e) Subsections (a) and (b) do not affect a security interest in goods
2641 in the possession of the secured party under section 42a-9-313 of the
2642 general statutes, as amended by this act

2643 Sec. 41. (NEW) (a) In this section, "licensee in ordinary course of
2644 business" means a person that becomes a licensee of a general
2645 intangible in good faith, without knowledge that the license violates
2646 the rights of another person in the general intangible, and in the
2647 ordinary course from a person in the business of licensing general
2648 intangibles of that kind. A person becomes a licensee in the ordinary
2649 course if the license to the person comports with the usual or
2650 customary practices in the kind of business in which the licensor is
2651 engaged or with the licensor's own usual or customary practices.

2652 (b) A licensee in ordinary course of business takes its rights under a
2653 nonexclusive license free of a security interest in the general intangible
2654 created by the licensor, even if the security interest is perfected and the
2655 licensee knows of its existence.

2656 (c) A lessee in ordinary course of business takes its leasehold interest
2657 free of a security interest in the goods created by the lessor, even if the
2658 security interest is perfected and the lessee knows of its existence.

2659 Sec. 42. (NEW) (a) Except as otherwise provided in this section,
2660 priority among conflicting security interests and agricultural liens in
2661 the same collateral is determined according to the following rules:

2662 (1) Conflicting perfected security interests and agricultural liens
2663 rank according to priority in time of filing or perfection. Priority dates
2664 from the earlier of the time a filing covering the collateral is first made
2665 or the security interest or agricultural lien is first perfected, if there is

2666 no period thereafter when there is neither filing nor perfection.

2667 (2) A perfected security interest or agricultural lien has priority over
2668 a conflicting unperfected security interest or agricultural lien.

2669 (3) The first security interest or agricultural lien to attach or become
2670 effective has priority if conflicting security interests and agricultural
2671 liens are unperfected.

2672 (b) For the purposes of subdivision (1) of subsection (a) of this
2673 section:

2674 (1) The time of filing or perfection as to a security interest in
2675 collateral is also the time of filing or perfection as to a security interest
2676 in proceeds; and

2677 (2) The time of filing or perfection as to a security interest in
2678 collateral supported by a supporting obligation is also the time of filing
2679 or perfection as to a security interest in the supporting obligation.

2680 (c) Except as otherwise provided in subsection (f) of this section, a
2681 security interest in collateral which qualifies for priority over a
2682 conflicting security interest under section 47, 48, 49, 50 or 51 of this act
2683 also has priority over a conflicting security interest in:

2684 (1) Any supporting obligation for the collateral; and

2685 (2) Proceeds of the collateral if:

2686 (A) The security interest in proceeds is perfected;

2687 (B) The proceeds are cash proceeds or of the same type as the
2688 collateral; and

2689 (C) In the case of proceeds that are proceeds of proceeds, all
2690 intervening proceeds are cash proceeds, proceeds of the same type as
2691 the collateral or an account relating to the collateral.

2692 (d) Subject to subsection (e) of this section and except as otherwise
2693 provided in subsection (f) of this section, if a security interest in chattel
2694 paper, deposit accounts, negotiable documents, instruments,
2695 investment property or letter-of-credit rights is perfected by a method
2696 other than filing, conflicting perfected security interests in proceeds of
2697 the collateral rank according to priority in time of filing.

2698 (e) Subsection (d) of this section applies only if the proceeds of the
2699 collateral are not cash proceeds, chattel paper, negotiable documents,
2700 instruments, investment property or letter-of-credit rights.

2701 (f) Subsections (a) to (e), inclusive, of this section are subject to:

2702 (1) Subsection (g) of this section and the other provisions of sections
2703 42a-9-301 to 42a-9-318, inclusive, of the general statutes, as amended
2704 by this act, and sections 39 to 62, inclusive, of this act;

2705 (2) Section 42a-4-210 of the general statutes with respect to a security
2706 interest of a collecting bank;

2707 (3) Section 42a-5-118 of the general statutes, as amended by this act,
2708 with respect to a security interest of an issuer or nominated person;
2709 and

2710 (4) Section 42a-9-110 of the general statutes, as amended by this act,
2711 with respect to a security interest arising under article 2.

2712 (g) A perfected agricultural lien on collateral has priority over a
2713 conflicting security interest in or agricultural lien on the same
2714 collateral if the statute creating the agricultural lien so provides.

2715 Sec. 43. (NEW) (a) Except as otherwise provided in subsection (c) of
2716 this section, for purposes of determining the priority of a perfected
2717 security interest under subdivision (1) of subsection (a) of section 42 of
2718 this act, perfection of the security interest dates from the time an
2719 advance is made to the extent that the security interest secures an
2720 advance that:

- 2721 (1) Is made while the security interest is perfected only:
- 2722 (A) Under section 42a-9-309 of the general statutes, as amended by
2723 this act, when it attaches; or
- 2724 (B) Temporarily under subsection (e), (f) or (g) of section 42a-9-312
2725 of the general statutes, as amended by this act; and
- 2726 (2) Is not made pursuant to a commitment entered into before or
2727 while the security interest is perfected by a method other than under
2728 section 42a-9-309 of the general statutes, as amended by this act, or
2729 subsection (e), (f) or (g) of section 42a-9-312 of the general statutes, as
2730 amended by this act.
- 2731 (b) Except as otherwise provided in subsection (c) of this section, a
2732 security interest is subordinate to the rights of a person that becomes a
2733 lien creditor to the extent that the security interest secures an advance
2734 made more than forty-five days after the person becomes a lien
2735 creditor unless the advance is made:
- 2736 (1) Without knowledge of the lien; or
- 2737 (2) Pursuant to a commitment entered into without knowledge of
2738 the lien.
- 2739 (c) Subsections (a) and (b) of this section do not apply to a security
2740 interest held by a secured party that is a buyer of accounts, chattel
2741 paper, payment intangibles or promissory notes or a consignor.
- 2742 (d) Except as otherwise provided in subsection (e) of this section, a
2743 buyer of goods other than a buyer in ordinary course of business takes
2744 free of a security interest to the extent that it secures advances made
2745 after the earlier of:
- 2746 (1) The time the secured party acquires knowledge of the buyer's
2747 purchase; or
- 2748 (2) Forty-five days after the purchase.

2749 (e) Subsection (d) of this section does not apply if the advance is
2750 made pursuant to a commitment entered into without knowledge of
2751 the buyer's purchase and before the expiration of the forty-five-day
2752 period.

2753 (f) Except as otherwise provided in subsection (g) of this section, a
2754 lessee of goods, other than a lessee in ordinary course of business,
2755 takes the leasehold interest free of a security interest to the extent that
2756 it secures advances made after the earlier of:

2757 (1) The time the secured party acquires knowledge of the lease; or

2758 (2) Forty-five days after the lease contract becomes enforceable.

2759 (g) Subsection (f) of this section does not apply if the advance is
2760 made pursuant to a commitment entered into without knowledge of
2761 the lease and before the expiration of the forty-five-day period.

2762 Sec. 44. (NEW) (a) Except as otherwise provided in subsection (g), a
2763 perfected purchase-money security interest in goods other than
2764 inventory or livestock has priority over a conflicting security interest in
2765 the same goods, and, except as otherwise provided in section 47 of this
2766 act, a perfected security interest in its identifiable proceeds also has
2767 priority, if the purchase-money security interest is perfected when the
2768 debtor receives possession of the collateral or within twenty days
2769 thereafter.

2770 (b) Subject to subsection (c) and except as otherwise provided in
2771 subsection (g), a perfected purchase-money security interest in
2772 inventory has priority over a conflicting security interest in the same
2773 inventory, has priority over a conflicting security interest in chattel
2774 paper or an instrument constituting proceeds of the inventory and in
2775 proceeds of the chattel paper, if so provided in section 50 of this act,
2776 and, except as otherwise provided in section 47 of this act, also has
2777 priority in identifiable cash proceeds of the inventory to the extent the
2778 identifiable cash proceeds are received on or before the delivery of the

2779 inventory to a buyer, if:

2780 (1) The purchase-money security interest is perfected when the
2781 debtor receives possession of the inventory;

2782 (2) The purchase-money secured party sends an authenticated
2783 notification to the holder of the conflicting security interest;

2784 (3) The holder of the conflicting security interest receives the
2785 notification within five years before the debtor receives possession of
2786 the inventory; and

2787 (4) The notification states that the person sending the notification
2788 has or expects to acquire a purchase-money security interest in
2789 inventory of the debtor and describes the inventory.

2790 (c) Subdivisions (2) to (4), inclusive, of subsection (b) apply only if
2791 the holder of the conflicting security interest had filed a financing
2792 statement covering the same types of inventory:

2793 (1) If the purchase-money security interest is perfected by filing,
2794 before the date of the filing; or

2795 (2) If the purchase-money security interest is temporarily perfected
2796 without filing or possession under subsection (f) of section 42a-9-312 of
2797 the general statutes, as amended by this act, before the beginning of
2798 the twenty-day period thereunder.

2799 (d) Subject to subsection (e) and except as otherwise provided in
2800 subsection (g), a perfected purchase-money security interest in
2801 livestock that are farm products has priority over a conflicting security
2802 interest in the same livestock, and, except as otherwise provided in
2803 section 47 of this act, a perfected security interest in their identifiable
2804 proceeds and identifiable products in their unmanufactured states also
2805 has priority, if:

2806 (1) The purchase-money security interest is perfected when the

2807 debtor receives possession of the livestock;

2808 (2) The purchase-money secured party sends an authenticated
2809 notification to the holder of the conflicting security interest;

2810 (3) The holder of the conflicting security interest receives the
2811 notification within six months before the debtor receives possession of
2812 the livestock; and

2813 (4) The notification states that the person sending the notification
2814 has or expects to acquire a purchase-money security interest in
2815 livestock of the debtor and describes the livestock.

2816 (e) Subdivisions (2) to (4), inclusive, of subsection (d) apply only if
2817 the holder of the conflicting security interest had filed a financing
2818 statement covering the same types of livestock:

2819 (1) If the purchase-money security interest is perfected by filing,
2820 before the date of the filing; or

2821 (2) If the purchase-money security interest is temporarily perfected
2822 without filing or possession under subsection (f) of section 42a-9-312 of
2823 the general statutes, as amended by this act, before the beginning of
2824 the twenty-day period thereunder.

2825 (f) Except as otherwise provided in subsection (g), a perfected
2826 purchase-money security interest in software has priority over a
2827 conflicting security interest in the same collateral, and, except as
2828 otherwise provided in section 47 of this act, a perfected security
2829 interest in its identifiable proceeds also has priority, to the extent that
2830 the purchase-money security interest in the goods in which the
2831 software was acquired for use has priority in the goods and proceeds
2832 of the goods under this section.

2833 (g) If more than one security interest qualifies for priority in the
2834 same collateral under subsection (a), (b), (d) or (f):

2835 (1) A security interest securing an obligation incurred as all or part
2836 of the price of the collateral has priority over a security interest
2837 securing an obligation incurred for value given to enable the debtor to
2838 acquire rights in or the use of collateral; and

2839 (2) In all other cases, subsection (a) of section 42 of this act applies to
2840 the qualifying security interests.

2841 Sec. 45. (NEW) (a) Except as otherwise provided in subsection (b), a
2842 security interest created by a debtor is subordinate to a security interest
2843 in the same collateral created by another person if:

2844 (1) The debtor acquired the collateral subject to the security interest
2845 created by the other person;

2846 (2) The security interest created by the other person was perfected
2847 when the debtor acquired the collateral; and

2848 (3) There is no period thereafter when the security interest is
2849 unperfected.

2850 (b) Subsection (a) subordinates a security interest only if the security
2851 interest:

2852 (1) Otherwise would have priority solely under subsection (a) of
2853 section 42 of this act or section 44 of this act; or

2854 (2) Arose solely under subdivision (3) of section 42a-2-711 of the
2855 general statutes.

2856 Sec. 46. (NEW) (a) Subject to subsection (b), a security interest
2857 created by a new debtor which is perfected by a filed financing
2858 statement that is effective solely under section 79 of this act in
2859 collateral in which a new debtor has or acquires rights is subordinate
2860 to a security interest in the same collateral which is perfected other
2861 than by a filed financing statement that is effective solely under section
2862 79 of this act.

2863 (b) The other provisions of sections 42a-9-301 to 42a-9-318, inclusive,
2864 of the general statutes, as amended by this act, and sections 39 to 62,
2865 inclusive, of this act, determine the priority among conflicting security
2866 interests in the same collateral perfected by filed financing statements
2867 that are effective solely under section 79 of this act. However, if the
2868 security agreements to which a new debtor became bound as debtor
2869 were not entered into by the same original debtor, the conflicting
2870 security interests rank according to priority in time of the new debtor's
2871 having become bound.

2872 Sec. 47. (NEW) The following rules govern priority among
2873 conflicting security interests in the same deposit account:

2874 (1) A security interest held by a secured party having control of the
2875 deposit account under section 42a-9-104 of the general statutes, as
2876 amended by this act, has priority over a conflicting security interest
2877 held by a secured party that does not have control.

2878 (2) Except as otherwise provided in subdivisions (3) and (4), security
2879 interests perfected by control under section 42a-9-314 of the general
2880 statutes, as amended by this act, rank according to priority in time of
2881 obtaining control.

2882 (3) Except as otherwise provided in subdivision (4), a security
2883 interest held by the bank with which the deposit account is maintained
2884 has priority over a conflicting security interest held by another secured
2885 party.

2886 (4) A security interest perfected by control under subdivision (3) of
2887 subsection (a) of section 42a-9-104 of the general statutes, as amended
2888 by this act, has priority over a security interest held by the bank with
2889 which the deposit account is maintained.

2890 Sec. 48. (NEW) The following rules govern priority among
2891 conflicting security interests in the same investment property:

2892 (1) A security interest held by a secured party having control of

2893 investment property under section 42a-9-106 of the general statutes, as
2894 amended by this act, has priority over a security interest held by a
2895 secured party that does not have control of the investment property.

2896 (2) Except as otherwise provided in subdivisions (3) and (4),
2897 conflicting security interests held by secured parties each of which has
2898 control under section 42a-9-106 of the general statutes, as amended by
2899 this act, rank according to priority in time of:

2900 (A) If the collateral is a security, obtaining control;

2901 (B) If the collateral is a security entitlement carried in a securities
2902 account; and:

2903 (i) If the secured party obtained control under subdivision (1) of
2904 subsection (d) of section 42a-8-106 of the general statutes, as amended
2905 by this act, the secured party's becoming the person for which the
2906 securities account is maintained;

2907 (ii) If the secured party obtained control under subdivision (2) of
2908 subsection (d) of section 42a-8-106 of the general statutes, as amended
2909 by this act, the securities intermediary's agreement to comply with the
2910 secured party's entitlement orders with respect to security entitlements
2911 carried or to be carried in the securities account; or

2912 (iii) If the secured party obtained control through another person
2913 under subdivision (3) of subsection (d) of section 42a-8-106 of the
2914 general statutes, as amended by this act, the time on which priority
2915 would be based under this subdivision if the other person were the
2916 secured party; or

2917 (C) If the collateral is a commodity contract carried with a
2918 commodity intermediary, the satisfaction of the requirement for control
2919 specified in subdivision (2) of subsection (b) of section 42a-9-106 of the
2920 general statutes, as amended by this act, with respect to commodity
2921 contracts carried or to be carried with the commodity intermediary.

2922 (3) A security interest held by a securities intermediary in a security
2923 entitlement or a securities account maintained with the securities
2924 intermediary has priority over a conflicting security interest held by
2925 another secured party.

2926 (4) A security interest held by a commodity intermediary in a
2927 commodity contract or a commodity account maintained with the
2928 commodity intermediary has priority over a conflicting security
2929 interest held by another secured party.

2930 (5) A security interest in a certificated security in registered form
2931 which is perfected by taking delivery under subsection (a) of section
2932 42a-9-313 of the general statutes, as amended by this act, and not by
2933 control under section 42a-9-314 of the general statutes, as amended by
2934 this act, has priority over a conflicting security interest perfected by a
2935 method other than control.

2936 (6) Conflicting security interests created by a broker, securities
2937 intermediary or commodity intermediary which are perfected without
2938 control under section 42a-9-106 of the general statutes, as amended by
2939 this act, rank equally.

2940 (7) In all other cases, priority among conflicting security interests in
2941 investment property is governed by sections 42 and 43 of this act.

2942 Sec. 49. (NEW) The following rules govern priority among
2943 conflicting security interests in the same letter-of-credit right:

2944 (1) A security interest held by a secured party having control of the
2945 letter-of-credit right under section 42a-9-107 of the general statutes, as
2946 amended by this act, has priority to the extent of its control over a
2947 conflicting security interest held by a secured party that does not have
2948 control.

2949 (2) Security interests perfected by control under section 42a-9-314 of
2950 the general statutes, as amended by this act, rank according to priority
2951 in time of obtaining control.

2952 Sec. 50. (NEW) (a) A purchaser of chattel paper has priority over a
2953 security interest in the chattel paper which is claimed merely as
2954 proceeds of inventory subject to a security interest if:

2955 (1) In good faith and in the ordinary course of the purchaser's
2956 business, the purchaser gives new value and takes possession of the
2957 chattel paper or obtains control of the chattel paper under section 42a-
2958 9-105 of the general statutes, as amended by this act; and

2959 (2) The chattel paper does not indicate that it has been assigned to
2960 an identified assignee other than the purchaser.

2961 (b) A purchaser of chattel paper has priority over a security interest
2962 in the chattel paper which is claimed other than merely as proceeds of
2963 inventory subject to a security interest if the purchaser gives new value
2964 and takes possession of the chattel paper or obtains control of the
2965 chattel paper under section 42a-9-105 of the general statutes, as
2966 amended by this act, in good faith, in the ordinary course of the
2967 purchaser's business, and without knowledge that the purchase
2968 violates the rights of the secured party.

2969 (c) Except as otherwise provided in section 47 of this act, a
2970 purchaser having priority in chattel paper under subsection (a) or (b)
2971 also has priority in proceeds of the chattel paper to the extent that:

2972 (1) Section 42 of this act provides for priority in the proceeds; or

2973 (2) The proceeds consist of the specific goods covered by the chattel
2974 paper or cash proceeds of the specific goods, even if the purchaser's
2975 security interest in the proceeds is unperfected.

2976 (d) Except as otherwise provided in subsection (a) of section 51 of
2977 this act, a purchaser of an instrument has priority over a security
2978 interest in the instrument perfected by a method other than possession
2979 if the purchaser gives value and takes possession of the instrument in
2980 good faith and without knowledge that the purchase violates the rights
2981 of the secured party.

2982 (e) For purposes of subsections (a) and (b), the holder of a purchase-
2983 money security interest in inventory gives new value for chattel paper
2984 constituting proceeds of the inventory.

2985 (f) For purposes of subsections (b) and (d), if chattel paper or an
2986 instrument indicates that it has been assigned to an identified secured
2987 party other than the purchaser, a purchaser of the chattel paper or
2988 instrument has knowledge that the purchase violates the rights of the
2989 secured party.

2990 Sec. 51. (NEW) (a) This article does not limit the rights of a holder in
2991 due course of a negotiable instrument, a holder to which a negotiable
2992 document of title has been duly negotiated or a protected purchaser of
2993 a security. These holders or purchasers take priority over an earlier
2994 security interest, even if perfected, to the extent provided in articles 3, 7
2995 and 8.

2996 (b) This article does not limit the rights of or impose liability on a
2997 person to the extent that the person is protected against the assertion of
2998 a claim under article 8.

2999 (c) Filing under this article does not constitute notice of a claim or
3000 defense to the holders, or purchasers, or persons described in
3001 subsections (a) and (b).

3002 Sec. 52. (NEW) (a) A transferee of money takes the money free of a
3003 security interest unless the transferee acts in collusion with the debtor
3004 in violating the rights of the secured party.

3005 (b) A transferee of funds from a deposit account takes the funds free
3006 of a security interest in the deposit account unless the transferee acts in
3007 collusion with the debtor in violating the rights of the secured party.

3008 Sec. 53. (NEW) (a) In this section, "possessory lien" means an
3009 interest, other than a security interest or an agricultural lien:

3010 (1) Which secures payment or performance of an obligation for

3011 services or materials furnished with respect to goods by a person in the
3012 ordinary course of the person's business;

3013 (2) Which is created by statute or rule of law in favor of the person;
3014 and

3015 (3) Whose effectiveness depends on the person's possession of the
3016 goods.

3017 (b) A possessory lien on goods has priority over a security interest in
3018 the goods unless the lien is created by a statute that expressly provides
3019 otherwise.

3020 Sec. 54. (NEW) (a) A security interest under this article may be
3021 created in goods that are fixtures or may continue in goods that
3022 become fixtures. A security interest does not exist under this article in
3023 ordinary building materials incorporated into an improvement on
3024 land.

3025 (b) This article does not prevent creation of an encumbrance upon
3026 fixtures under real property law.

3027 (c) In cases not governed by subsections (d) to (h), inclusive, a
3028 security interest in fixtures is subordinate to a conflicting interest of an
3029 encumbrancer or owner of the related real property other than the
3030 debtor.

3031 (d) Except as otherwise provided in subsection (h), a perfected
3032 security interest in fixtures has priority over a conflicting interest of an
3033 encumbrancer or owner of the real property if the debtor has an
3034 interest of record in or is in possession of the real property and:

3035 (1) The security interest is a purchase-money security interest;

3036 (2) The interest of the encumbrancer or owner arises before the
3037 goods become fixtures; and

3038 (3) The security interest is perfected by a fixture filing before the

3039 goods become fixtures or within twenty days thereafter.

3040 (e) A perfected security interest in fixtures has priority over a
3041 conflicting interest of an encumbrancer or owner of the real property if:

3042 (1) The debtor has an interest of record in the real property or is in
3043 possession of the real property and the security interest:

3044 (A) Is perfected by a fixture filing before the interest of the
3045 encumbrancer or owner is of record; and

3046 (B) Has priority over any conflicting interest of a predecessor in title
3047 of the encumbrancer or owner;

3048 (2) Before the goods become fixtures, the security interest is
3049 perfected by any method permitted by this article and the fixtures are
3050 readily removable:

3051 (A) Factory or office machines;

3052 (B) Equipment that is not primarily used or leased for use in the
3053 operation of the real property; or

3054 (C) Replacements of domestic appliances that are consumer goods;

3055 (3) The conflicting interest is a lien on the real property obtained by
3056 legal or equitable proceedings after the security interest was perfected
3057 by any method permitted by this article; or

3058 (4) The security interest is:

3059 (A) Created in a manufactured home in a manufactured-home
3060 transaction; and

3061 (B) Perfected pursuant to a statute described in subdivision (2) of
3062 subsection (a) of section 42a-9-311 of the general statutes, as amended
3063 by this act.

3064 (f) A security interest in fixtures, whether or not perfected, has

3065 priority over a conflicting interest of an encumbrancer or owner of the
3066 real property if:

3067 (1) The encumbrancer or owner has, in an authenticated record,
3068 consented to the security interest or disclaimed an interest in the goods
3069 as fixtures; or

3070 (2) The debtor has a right to remove the goods as against the
3071 encumbrancer or owner.

3072 (g) The priority of the security interest under subdivision (2) of
3073 subsection (f) continues for a reasonable time if the debtor's right to
3074 remove the goods as against the encumbrancer or owner terminates.

3075 (h) A mortgage is a construction mortgage to the extent that it
3076 secures an obligation incurred for the construction of an improvement
3077 on land, including the acquisition cost of the land, if a recorded record
3078 of the mortgage so indicates. Except as otherwise provided in
3079 subsections (e) and (f), a security interest in fixtures is subordinate to a
3080 construction mortgage if a record of the mortgage is recorded before
3081 the goods become fixtures and the goods become fixtures before the
3082 completion of the construction. A mortgage has this priority to the
3083 same extent as a construction mortgage to the extent that it is given to
3084 refinance a construction mortgage.

3085 (i) A perfected security interest in crops growing on real property
3086 has priority over a conflicting interest of an encumbrancer or owner of
3087 the real property if the debtor has an interest of record in or is in
3088 possession of the real property.

3089 Sec. 55. (NEW) (a) A security interest may be created in an accession
3090 and continues in collateral that becomes an accession.

3091 (b) If a security interest is perfected when the collateral becomes an
3092 accession, the security interest remains perfected in the collateral.

3093 (c) Except as otherwise provided in subsection (d), the other

3094 provisions of sections 42a-9-301 to 42a-9-318, inclusive, of the general
3095 statutes, as amended by this act, and sections 39 to 62, inclusive, of this
3096 act determine the priority of a security interest in an accession.

3097 (d) A security interest in an accession is subordinate to a security
3098 interest in the whole which is perfected by compliance with the
3099 requirements of a certificate-of-title statute under subsection (b) of
3100 section 42a-9-311 of the general statutes, as amended by this act.

3101 (e) After default, subject to sections 98 to 125, inclusive, of this act, a
3102 secured party may remove an accession from other goods if the
3103 security interest in the accession has priority over the claims of every
3104 person having an interest in the whole.

3105 (f) A secured party that removes an accession from other goods
3106 under subsection (e) shall promptly reimburse any holder of a security
3107 interest or other lien on, or owner of, the whole or of the other goods,
3108 for the cost of repair of any physical injury to the whole or the other
3109 goods. The secured party need not reimburse the holder or owner for
3110 any diminution in value of the whole or the other goods caused by the
3111 absence of the accession removed or by any necessity for replacing it. A
3112 person entitled to reimbursement, other than the debtor, may refuse
3113 permission to remove until the secured party gives adequate assurance
3114 for the performance of the obligation to reimburse.

3115 Sec. 56. (NEW) (a) In this section, "commingled goods" means goods
3116 that are physically united with other goods in such a manner that their
3117 identity is lost in a product or mass.

3118 (b) A security interest does not exist in commingled goods as such.
3119 However, a security interest may attach to a product or mass that
3120 results when goods become commingled goods.

3121 (c) If collateral becomes commingled goods, a security interest
3122 attaches to the product or mass.

3123 (d) If a security interest in collateral is perfected before the collateral

3124 becomes commingled goods, the security interest that attaches to the
3125 product or mass under subsection (c) is perfected.

3126 (e) Except as otherwise provided in subsection (f), the other
3127 provisions of sections 42a-9-301 to 42a-9-318, inclusive, of the general
3128 statutes, as amended by this act, and sections 39 to 62, inclusive, of this
3129 act, determine the priority of a security interest that attaches to the
3130 product or mass under subsection (c).

3131 (f) If more than one security interest attaches to the product or mass
3132 under subsection (c), the following rules determine priority:

3133 (1) A security interest that is perfected under subsection (d) has
3134 priority over a security interest that is unperfected at the time the
3135 collateral becomes commingled goods.

3136 (2) If more than one security interest is perfected under subsection
3137 (d), the security interests rank equally in proportion to the value of the
3138 collateral at the time it became commingled goods.

3139 Sec. 57. (NEW) If, while a security interest in goods is perfected by
3140 any method under the law of another jurisdiction, this state issues a
3141 certificate of title that does not show that the goods are subject to the
3142 security interest or contain a statement that they may be subject to
3143 security interests not shown on the certificate:

3144 (1) A buyer of the goods, other than a person in the business of
3145 selling goods of that kind, takes free of the security interest if the buyer
3146 gives value and receives delivery of the goods after issuance of the
3147 certificate and without knowledge of the security interest; and

3148 (2) The security interest is subordinate to a conflicting security
3149 interest in the goods that attaches, and is perfected under subsection
3150 (b) of section 42a-9-311 of the general statutes, as amended by this act,
3151 after issuance of the certificate and without the conflicting secured
3152 party's knowledge of the security interest.

3153 Sec. 58. (NEW) If a security interest or agricultural lien is perfected
3154 by a filed financing statement providing information described in
3155 subdivision (5) of subsection (b) of section 87 of this act which is
3156 incorrect at the time the financing statement is filed:

3157 (1) The security interest or agricultural lien is subordinate to a
3158 conflicting perfected security interest in the collateral to the extent that
3159 the holder of the conflicting security interest gives value in reasonable
3160 reliance upon the incorrect information; and

3161 (2) A purchaser, other than a secured party, of the collateral takes
3162 free of the security interest or agricultural lien to the extent that, in
3163 reasonable reliance upon the incorrect information, the purchaser gives
3164 value and, in the case of chattel paper, documents, goods, instruments
3165 or a security certificate, receives delivery of the collateral.

3166 Sec. 59. (NEW) This article does not preclude subordination by
3167 agreement by a person entitled to priority.

3168 Sec. 60. (NEW) (a) Except as otherwise provided in subsection (c), a
3169 bank with which a deposit account is maintained may exercise any
3170 right of recoupment or set-off against a secured party that holds a
3171 security interest in the deposit account.

3172 (b) Except as otherwise provided in subsection (c), the application of
3173 this article to a security interest in a deposit account does not affect a
3174 right of recoupment or set-off of the secured party as to a deposit
3175 account maintained with the secured party.

3176 (c) The exercise by a bank of a set-off against a deposit account is
3177 ineffective against a secured party that holds a security interest in the
3178 deposit account which is perfected by control under subdivision (3) of
3179 subsection (a) of section 42a-9-104 of the general statutes, as amended
3180 by this act, if the set-off is based on a claim against the debtor.

3181 Sec. 61. (NEW) Except as otherwise provided in subsection (c) of
3182 section 60 of this act, and unless the bank otherwise agrees in an

3183 authenticated record, a bank's rights and duties with respect to a
3184 deposit account maintained with the bank are not terminated,
3185 suspended, or modified by:

3186 (1) The creation, attachment or perfection of a security interest in the
3187 deposit account;

3188 (2) The bank's knowledge of the security interest; or

3189 (3) The bank's receipt of instructions from the secured party.

3190 Sec. 62. (NEW) This article does not require a bank to enter into an
3191 agreement of the kind described in subdivision (2) of subsection (a) of
3192 section 42a-9-104 of the general statutes, as amended by this act, even
3193 if its customer so requests or directs. A bank that has entered into such
3194 an agreement is not required to confirm the existence of the agreement
3195 to another person unless requested to do so by its customer.

3196 Sec. 63. Section 42a-9-401 of the general statutes is repealed and the
3197 following is substituted in lieu thereof:

3198 [(1) The proper place to file in order to perfect a security interest is
3199 as follows: (a) When the collateral is timber to be cut or is minerals or
3200 the like, including oil and gas, or accounts subject to subsection (5) of
3201 section 42a-9-103a, or when the financing statement is filed as a fixture
3202 filing and the collateral is goods which are or are to become fixtures,
3203 then in the office where a mortgage on the real estate would be filed or
3204 recorded; (b) in all other cases, in the office of the Secretary of the State.

3205 (2) A filing which is made in good faith in an improper place or not
3206 in all of the places required by this section is nevertheless effective
3207 with regard to any collateral as to which the filing complied with the
3208 requirements of this article and is also effective with regard to
3209 collateral covered by the financing statement against any person who
3210 has knowledge of the contents of such financing statement.

3211 (3) A filing which is made in the proper place in this state continues

3212 effective even though the debtor's residence or place of business or the
3213 location of the collateral or its use, whichever controlled the original
3214 filing, is thereafter changed.

3215 (4) The rules stated in section 42a-9-103a determine whether filing is
3216 necessary in this state.

3217 (5) Notwithstanding subsections (1) to (4) inclusive, of this section,
3218 and subject to subsection (3) of section 42a-9-302, the proper place to
3219 file in order to perfect a security interest in collateral, including
3220 fixtures, of a transmitting utility is the office of the Secretary of the
3221 State. This filing constitutes a fixture filing as to the collateral
3222 described therein which is or is to become fixtures.]

3223 (a) Except as otherwise provided in subsection (b) and sections 42a-
3224 9-406 to 42a-9-409, inclusive, as amended by this act, whether a
3225 debtor's rights in collateral may be voluntarily or involuntarily
3226 transferred is governed by law other than this article.

3227 (b) An agreement between the debtor and secured party which
3228 prohibits a transfer of the debtor's rights in collateral or makes the
3229 transfer a default does not prevent the transfer from taking effect.

3230 Sec. 64. Section 42a-9-402 of the general statutes is repealed and the
3231 following is substituted in lieu thereof:

3232 [(1) A financing statement is sufficient if it gives the names of the
3233 debtor and the secured party, is signed by the debtor, gives an address
3234 of the secured party from which information concerning the security
3235 interest may be obtained, gives a mailing address of the debtor and
3236 contains a statement indicating the types, or describing the items, of
3237 collateral. A financing statement may be filed before a security
3238 agreement is made or a security interest otherwise attaches. When the
3239 financing statement covers crops growing or to be grown, the
3240 statement must also contain a general description of the real estate
3241 concerned. When the financing statement covers timber to be cut or

3242 covers minerals or the like, including oil and gas, or accounts subject to
3243 subsection (5) of section 42a-9-103a, or when the financing statement is
3244 filed as a fixture filing and the collateral is goods which are or are to
3245 become fixtures, the statement must also comply with subsection (5) of
3246 this section. A copy of the security agreement is sufficient as a
3247 financing statement if it contains the above information and is signed
3248 by the debtor. A carbon, photographic or other reproduction of a
3249 security agreement or a financing statement is sufficient as a financing
3250 statement if the security agreement so provides or if the original has
3251 been filed in this state.

3252 (2) A financing statement which otherwise complies with subsection
3253 (1) of this section is sufficient when it is signed by the secured party
3254 instead of the debtor if it is filed to perfect a security interest in (a)
3255 collateral already subject to a security interest in another jurisdiction
3256 when it is brought into this state, or when the debtor's location is
3257 changed to this state. Such a financing statement must state that the
3258 collateral was brought into this state or that the debtor's location was
3259 changed to this state under such circumstances; or (b) proceeds under
3260 section 42a-9-306 if the security interest in the original collateral was
3261 perfected. Such a financing statement must describe the original
3262 collateral; or (c) collateral as to which the filing has lapsed; or (d)
3263 collateral acquired after a change of name, identity or corporate
3264 structure of the debtor.

3265 (3) A form substantially as follows is sufficient to comply with
3266 subsection (1) of this section.

3267 Name of debtor (or assignor)

3268 Address

3269 Name of secured party (or assignee)

3270 Address

3271 1. This financing statement covers the following types (or items) of

3272 property: (Describe)

3273 2. (If collateral is crops) The above described crops are growing or
3274 are to be grown on: (Describe real estate)

3275 3. (If applicable) The above goods are to become fixtures on
3276 (Describe real estate) and this financing statement is to be filed for
3277 record in the real estate records. (If the debtor does not have an interest
3278 of record) The name of a record owner is

3279 4. (If products of collateral are claimed) Products of the collateral are
3280 also covered.

3281 USE WHICHEVER IS APPLICABLE

3282 Signature of Debtor (or Assignor)

3283 Signature of Secured Party (or Assignee)

3284 (4) A financing statement may be amended by filing a writing
3285 signed by both the debtor and the secured party. An amendment does
3286 not extend the period of effectiveness of a financing statement. If any
3287 amendment adds collateral, it is effective as to the added collateral
3288 only from the filing date of the amendment. In this article, unless the
3289 context otherwise requires, the term "financing statement" means the
3290 original financing statement and any amendments.

3291 (5) A financing statement covering timber to be cut or covering
3292 minerals or the like, including oil and gas, or accounts subject to
3293 subsection (5) of section 42a-9-103a, or a financing statement filed as a
3294 fixture filing where the debtor is not a transmitting utility, shall show
3295 that it covers this type of collateral, shall recite that it is to be filed for
3296 record in the real estate records, and the financing statement shall
3297 contain a description of the real estate sufficient if it were contained in
3298 a mortgage of the real estate under the law of this state. If the debtor
3299 does not have an interest of record in the real estate, the financing
3300 statement shall show the name of a record owner.

3301 (6) A mortgage is effective as a financing statement filed as a fixture
3302 filing from the date of its recording if (a) the goods are described in the
3303 mortgage by item or type, (b) the goods are or are to become fixtures
3304 related to the real estate described in the mortgage, (c) the mortgage
3305 complies with the requirements for a financing statement in this
3306 section other than a recital that it is to be filed in the real estate records,
3307 and (d) the mortgage is duly recorded. No fee with reference to the
3308 financing statement is required other than the regular recording and
3309 satisfaction fees with respect to the mortgage.

3310 (7) A financing statement sufficiently shows the name of the debtor
3311 if it gives the individual, partnership or corporate name of the debtor,
3312 whether or not it adds other trade names or the names of partners.
3313 Where the debtor so changes his name or in the case of an
3314 organization, its name, identity or corporate structure that a filed
3315 financing statement becomes seriously misleading, the filing is not
3316 effective to perfect a security interest in collateral acquired by the
3317 debtor more than four months after the change, unless a new
3318 appropriate financing statement is filed before the expiration of that
3319 time. A filed financing statement remains effective with respect to
3320 collateral transferred by the debtor even though the secured party
3321 knows of or consents to the transfer.

3322 (8) A financing statement substantially complying with the
3323 requirements of this section is effective even though it contains minor
3324 errors which are not seriously misleading.]

3325 The existence of a security interest, agricultural lien or authority
3326 given to a debtor to dispose of or use collateral, without more, does not
3327 subject a secured party to liability in contract or tort for the debtor's
3328 acts or omissions.

3329 Sec. 65. Section 42a-9-403 of the general statutes is repealed and the
3330 following is substituted in lieu thereof:

3331 [(1) Presentation for filing of a financing statement and tender of the

3332 filing fee, or where use by a filing party of a system for the electronic
3333 receipt, indexing and storage of information required for the filing of
3334 financing statements or notices of federal, state or municipal tax liens
3335 has been approved in writing by the Secretary of the State, the
3336 electronic transmission by such filing party of such information to, and
3337 its receipt by, the filing officer, or acceptance of the statement by the
3338 filing officer, or by the town clerk if the financing statement covers
3339 fixtures, constitutes filing under this article. As used in this part, "filing
3340 officer" means a filing officer in the office of the Secretary of the State
3341 and excludes a town clerk.

3342 (2) Except as provided in subsection (6) of this section, a filed
3343 financing statement is effective for a period of five years from the date
3344 of filing. The effectiveness of a filed financing statement lapses on the
3345 expiration of the five-year period unless a continuation statement is
3346 filed prior to the lapse. If a security interest perfected by filing exists at
3347 the time insolvency proceedings are commenced by or against the
3348 debtor, the security interest remains perfected until termination of the
3349 insolvency proceedings and thereafter for a period of sixty days or
3350 until expiration of the five-year period, whichever occurs later. Upon
3351 lapse the security interest becomes unperfected, unless it is perfected
3352 without filing. If the security interest becomes unperfected upon lapse,
3353 it is deemed to have been unperfected as against a person who became
3354 a purchaser or lien creditor before lapse.

3355 (3) A continuation statement may be filed by the secured party
3356 within six months prior to the expiration of the five-year period
3357 specified in subsection (2) of this section. Any such continuation
3358 statement must be signed by the secured party, identify the original
3359 statement by file number and state that the original statement is still
3360 effective. A continuation statement signed by a person other than the
3361 secured party of record must be accompanied by a separate written
3362 statement of assignment signed by the secured party of record and
3363 complying with subsection (2) of section 42a-9-405, including payment
3364 of the required fee. Upon timely filing of the continuation statement,

3365 the effectiveness of the original statement is continued for five years
3366 after the last date to which the filing was effective whereupon it lapses
3367 in the same manner as provided in subsection (2) of this section unless
3368 another continuation statement is filed prior to such lapse. Succeeding
3369 continuation statements may be filed in the same manner to continue
3370 the effectiveness of the original statement.

3371 (4) Except as provided in subsection (7) a filing officer shall mark
3372 each statement with a file number and with the date and hour of filing,
3373 or where the information that would otherwise be required in a
3374 financing statement is stored in an electronic system approved by the
3375 Secretary of the State, such system shall incorporate in the electronic
3376 record of each such statement, a file number and the date and hour of
3377 the receipt of the electronic record of each such statement. The filing
3378 officer shall hold the statement or a microfilm or other photographic or
3379 electronic reproduction thereof for public inspection. The secretary
3380 shall charge a fee for inspection of such statements as follows: For
3381 inspection of statements filed in the alphabetical index, regardless of
3382 the number of statements, ten dollars for each debtor; for inspection of
3383 each fifteen statements or less filed in the numerical index, ten dollars.
3384 The filing officer shall index the statements according to the name of
3385 the debtor and shall note in the index the file number and the address
3386 of the debtor given in the statement. The index may be made up of the
3387 statements themselves, copies thereof, separate cards or otherwise.

3388 (5) The Secretary of the State shall charge and collect the following
3389 fees: (a) The uniform fee for filing and indexing an original financing
3390 statement shall be twenty-five dollars. The secured party shall set forth
3391 on such financing statement each debtor name to be indexed. The
3392 secured party may at his option show a trade name for any person; (b)
3393 for filing and indexing a termination statement, twenty-five dollars; (c)
3394 for filing and indexing a separate written statement of assignment,
3395 twenty-five dollars; (d) for filing and indexing an amendment, twenty-
3396 five dollars; (e) for filing and noting a statement of release, twenty-five
3397 dollars; (f) for filing and indexing a continuation statement, twenty-

3398 five dollars. No fee shall be charged (A) to the state when the original
3399 statement, continuation statement, amendment, statement of
3400 assignment, statement of release or termination statement is filed by or
3401 at the request of the Attorney General or an assistant attorney general
3402 or by a duly authorized official of the state or any of its agencies,
3403 boards or commissions acting in his official capacity, or (B) to a
3404 municipality when the original statement, continuation statement,
3405 amendment, statement of assignment, statement of release or
3406 termination statement is filed by the tax collector or other municipal
3407 officer of such municipality pursuant to the provisions of sections 12-
3408 195a to 12-195g, inclusive, or (C) for any filing accomplished solely by
3409 electronic means, and without the physical submission of any
3410 document, instrument, or paper, in accordance with a plan approved
3411 by the Secretary of the State.

3412 (6) If the debtor is a transmitting utility and a filed financing
3413 statement so states, it is effective until a termination statement is filed.
3414 A real estate mortgage which is effective as a fixture filing under
3415 subsection (6) of section 42a-9-402 remains effective as a fixture filing
3416 until the mortgage is released or satisfied of record or its effectiveness
3417 otherwise terminates as to the real estate.

3418 (7) When a financing statement covers timber to be cut or covers
3419 minerals or the like, including oil and gas, or accounts subject to
3420 subsection (5) of section 42a-9-103a or is filed as a fixture filing, it shall
3421 be filed for record and the filing officer shall index it under the names
3422 of the debtor and any owner of record shown on the financing
3423 statement in the same fashion as if they were the mortgagors in a
3424 mortgage of the real estate described, and under the name of the
3425 secured party as if he were the mortgagee thereunder.]

3426 (a) In this section, "value" has the meaning provided in subsection
3427 (a) of section 42a-3-303.

3428 (b) Except as otherwise provided in this section, an agreement
3429 between an account debtor and an assignor not to assert against an

3430 assignee any claim or defense that the account debtor may have
3431 against the assignor is enforceable by an assignee that takes an
3432 assignment:

3433 (1) For value;

3434 (2) In good faith;

3435 (3) Without notice of a claim of a property or possessory right to the
3436 property assigned; and

3437 (4) Without notice of a defense or claim in recoupment of the type
3438 that may be asserted against a person entitled to enforce a negotiable
3439 instrument under subsection (a) of section 42a-3-305.

3440 (c) Subsection (b) does not apply to defenses of a type that may be
3441 asserted against a holder in due course of a negotiable instrument
3442 under subsection (b) of section 42a-3-305.

3443 (d) In a consumer transaction, if a record evidences the account
3444 debtor's obligation, law other than this article requires that the record
3445 include a statement to the effect that the rights of an assignee are
3446 subject to claims or defenses that the account debtor could assert
3447 against the original obligee, and the record does not include such a
3448 statement:

3449 (1) The record has the same effect as if the record included such a
3450 statement; and

3451 (2) The account debtor may assert against an assignee those claims
3452 and defenses that would have been available if the record included
3453 such a statement.

3454 (e) This section is subject to law other than this article which
3455 establishes a different rule for an account debtor who is an individual
3456 and who incurred the obligation primarily for personal, family or
3457 household purposes.

3458 (f) Except as otherwise provided in subsection (d), this section does
3459 not displace law other than this article which gives effect to an
3460 agreement by an account debtor not to assert a claim or defense against
3461 an assignee.

3462 Sec. 66. Section 42a-9-404 of the general statutes is repealed and the
3463 following is substituted in lieu thereof:

3464 [(1) If a financing statement covering consumer goods is filed on or
3465 after October 1, 1976, then within one month or within ten days
3466 following written demand by the debtor after there is no outstanding
3467 secured obligation and no commitment to make advances, incur
3468 obligations or otherwise give value, the secured party must file, with
3469 each filing officer with whom the financing statement was filed, a
3470 termination statement to the effect that he no longer claims a security
3471 interest under the financing statement, which shall be identified by file
3472 number. In other cases whenever there is no outstanding secured
3473 obligation and no commitment to make advances, incur obligations or
3474 otherwise give value, the secured party must on written demand by
3475 the debtor send the debtor, for each filing officer with whom the
3476 financing statement was filed, a termination statement to the effect that
3477 he no longer claims a security interest under the financing statement,
3478 which shall be identified by file number. A termination statement
3479 signed by a person other than the secured party of record must be
3480 accompanied by a separate written statement of assignment signed by
3481 the secured party of record complying with subsection (2) of section
3482 42a-9-405, including payment of the required fee. If the affected
3483 secured party fails to file such a termination statement as required by
3484 this subsection, or to send such a termination statement within ten
3485 days after proper demand therefor he shall be liable to the debtor for
3486 one hundred dollars, and in addition for any loss caused to the debtor
3487 by such failure.

3488 (2) On presentation to the filing officer of such a termination
3489 statement he must note it in the index. If he has received the

3490 termination statement in duplicate, he shall return one copy of the
 3491 termination statement to the secured party stamped to show the time
 3492 of receipt thereof. If the filing officer has a microfilm or other
 3493 photographic record of the financing statement, and of any related
 3494 continuation statement, statement of assignment and statement of
 3495 release, he may remove the originals from the files at any time after
 3496 receipt of the termination statement, or if he has no such record, he
 3497 may remove them from the files at any time after one year after receipt
 3498 of the termination statement. The secured party shall set forth on such
 3499 termination statement each debtor name to be indexed.]

3500 (a) Unless an account debtor has made an enforceable agreement
 3501 not to assert defenses or claims, and subject to subsections (b) to (e),
 3502 inclusive, the rights of an assignee are subject to:

3503 (1) All terms of the agreement between the account debtor and
 3504 assignor and any defense or claim in recoupment arising from the
 3505 transaction that gave rise to the contract; and

3506 (2) Any other defense or claim of the account debtor against the
 3507 assignor which accrues before the account debtor receives a
 3508 notification of the assignment authenticated by the assignor or the
 3509 assignee.

3510 (b) Subject to subsection (c) and except as otherwise provided in
 3511 subsection (d), the claim of an account debtor against an assignor may
 3512 be asserted against an assignee under subsection (a) only to reduce the
 3513 amount the account debtor owes.

3514 (c) This section is subject to law other than this article which
 3515 establishes a different rule for an account debtor who is an individual
 3516 and who incurred the obligation primarily for personal, family or
 3517 household purposes.

3518 (d) In a consumer transaction, if a record evidences the account
 3519 debtor's obligation, law other than this article requires that the record

3520 include a statement to the effect that the account debtor's recovery
3521 against an assignee with respect to claims and defenses against the
3522 assignor may not exceed amounts paid by the account debtor under
3523 the record, and the record does not include such a statement, the extent
3524 to which a claim of an account debtor against the assignor may be
3525 asserted against an assignee is determined as if the record included
3526 such a statement.

3527 (e) This section does not apply to an assignment of a health-care-
3528 insurance receivable.

3529 Sec. 67. Section 42a-9-405 of the general statutes is repealed and the
3530 following is substituted in lieu thereof:

3531 [(1) A financing statement may disclose an assignment of a security
3532 interest in the collateral described in the financing statement by
3533 indication in the financing statement of the name and address of the
3534 assignee or by an assignment itself or a copy thereof on the face or
3535 back of the statement. On presentation to the filing officer of such a
3536 financing statement and the required fee, the filing officer shall mark
3537 the same as provided in subsection (4) of section 42a-9-403.

3538 (2) A secured party may assign of record all or a part of his rights
3539 under a financing statement by the filing in the place where the
3540 original financing statement was filed of a separate written statement
3541 of assignment signed by the secured party of record and setting forth
3542 the name of the secured party of record and the debtor, the file number
3543 and the date of filing of the financing statement and the name and
3544 address of the assignee and containing a description of the collateral
3545 assigned. A copy of the assignment is sufficient as a separate statement
3546 if it complies with the preceding sentence. On presentation to the filing
3547 officer of such a separate statement and the required fee, the filing
3548 officer shall mark such separate statement with the date and hour of
3549 the filing. He shall note the assignment on the index of the financing
3550 statement, or in the case of a fixture filing, or a filing covering timber to
3551 be cut, or covering minerals or the like, including oil and gas, or

3552 accounts subject to subsection (5) of section 42a-9-103a, he shall index
3553 the assignment under the name of the assignor as grantor and under
3554 the name of the assignee. The secured party shall set forth each debtor
3555 name against which said separate written statement of assignment is to
3556 be indexed. Notwithstanding the provisions of this subsection, an
3557 assignment of record of a security interest in a fixture contained in a
3558 mortgage effective as a fixture filing may be made only by an
3559 assignment of the mortgage in the manner provided by the law of this
3560 state other than this article.

3561 (3) After the disclosure or filing of an assignment under this section,
3562 the assignee is the secured party of record.]

3563 (a) A modification of or substitution for an assigned contract is
3564 effective against an assignee if made in good faith. The assignee
3565 acquires corresponding rights under the modified or substituted
3566 contract. The assignment may provide that the modification or
3567 substitution is a breach of contract by the assignor. This subsection is
3568 subject to subsections (b) to (d), inclusive.

3569 (b) Subsection (a) applies to the extent that:

3570 (1) The right to payment or a part thereof under an assigned
3571 contract has not been fully earned by performance; or

3572 (2) The right to payment or a part thereof has been fully earned by
3573 performance and the account debtor has not received notification of
3574 the assignment under subsection (a) of section 42a-9-406, as amended
3575 by this act.

3576 (c) This section is subject to law other than this article which
3577 establishes a different rule for an account debtor who is an individual
3578 and who incurred the obligation primarily for personal, family or
3579 household purposes.

3580 (d) This section does not apply to an assignment of a health-care-
3581 insurance receivable.

3582 Sec. 68. Section 42a-9-406 of the general statutes is repealed and the
3583 following is substituted in lieu thereof:

3584 [A secured party of record may by his signed statement release all
3585 or a part of any collateral described in a filed financing statement. The
3586 statement of release is sufficient if it contains a description of the
3587 collateral being released, the name and address of the debtor, the name
3588 and address of the secured party, and the file number of the financing
3589 statement. A statement of release signed by a person other than the
3590 secured party of record shall be accompanied by a separate written
3591 statement of assignment signed by the secured party of record and
3592 complying with subsection (2) of section 42a-9-405, including payment
3593 of the required fee. Upon presentation of such a statement of release
3594 and required fee to the filing officer he shall mark the statement with
3595 the hour and date of filing and shall note the same upon the margin of
3596 the index of the filing of the financing statement. The secured party
3597 shall set forth on such statement of release each debtor name to be
3598 indexed.]

3599 (a) Subject to subsections (b) to (i), inclusive, an account debtor on
3600 an account, chattel paper or a payment intangible may discharge its
3601 obligation by paying the assignor until, but not after, the account
3602 debtor receives a notification, authenticated by the assignor or the
3603 assignee, that the amount due or to become due has been assigned and
3604 that payment is to be made to the assignee. After receipt of the
3605 notification, the account debtor may discharge its obligation by paying
3606 the assignee and may not discharge the obligation by paying the
3607 assignor. An assignor who receives payment after notification is given
3608 must return the payment to the account debtor or forward the
3609 payment to the assignee.

3610 (b) Subject to subsection (h), notification is ineffective under
3611 subsection (a):

3612 (1) If it does not reasonably identify the rights assigned;

3613 (2) To the extent that an agreement between an account debtor and a
3614 seller of a payment intangible limits the account debtor's duty to pay a
3615 person other than the seller and the limitation is effective under law
3616 other than this article; or

3617 (3) At the option of an account debtor, if the notification notifies the
3618 account debtor to make less than the full amount of any installment or
3619 other periodic payment to the assignee, even if:

3620 (A) Only a portion of the account, chattel paper or payment
3621 intangible has been assigned to that assignee;

3622 (B) A portion has been assigned to another assignee; or

3623 (C) The account debtor knows that the assignment to that assignee
3624 is limited.

3625 (c) Subject to subsection (h), if requested by the account debtor, an
3626 assignee shall seasonably furnish reasonable proof that the assignment
3627 has been made. Unless the assignee complies, the account debtor may
3628 discharge its obligation by paying the assignor, even if the account
3629 debtor has received a notification under subsection (a).

3630 (d) Except as otherwise provided in subsection (e) and section 42a-9-
3631 407, as amended by this act, and subject to subsection (h), a term in an
3632 agreement between an account debtor and an assignor or in a
3633 promissory note is ineffective to the extent that it:

3634 (1) Prohibits, restricts or requires the consent of the account debtor
3635 or person obligated on the promissory note to the assignment or
3636 transfer of, or the creation, attachment, perfection or enforcement of a
3637 security interest in, the account, chattel paper, payment intangible or
3638 promissory note; or

3639 (2) Provides that the assignment or transfer or the creation,
3640 attachment, perfection or enforcement of the security interest may give
3641 rise to a default, breach, right of recoupment, claim, defense,

3642 termination, right of termination or remedy under the account, chattel
3643 paper, payment intangible or promissory note.

3644 (e) Subsection (d) does not apply to the sale of a payment intangible
3645 or promissory note.

3646 (f) Except as otherwise provided in section 42a-9-407, as amended
3647 by this act, and subject to subsections (h) and (i), a rule of law, statute
3648 or regulation that prohibits, restricts or requires the consent of a
3649 government, governmental body or official or account debtor to the
3650 assignment or transfer of, or creation of a security interest in, an
3651 account or chattel paper is ineffective to the extent that the rule of law,
3652 statute or regulation:

3653 (1) Prohibits, restricts or requires the consent of the government,
3654 governmental body or official or account debtor to the assignment or
3655 transfer of, or the creation, attachment, perfection or enforcement of a
3656 security interest in the account or chattel paper; or

3657 (2) Provides that the assignment or transfer or the creation,
3658 attachment, perfection or enforcement of the security interest may give
3659 rise to a default, breach, right of recoupment, claim, defense,
3660 termination, right of termination or remedy under the account or
3661 chattel paper.

3662 (g) Subject to subsection (h), an account debtor may not waive or
3663 vary its option under subdivision (3) of subsection (b).

3664 (h) This section is subject to law other than this article which
3665 establishes a different rule for an account debtor who is an individual
3666 and who incurred the obligation primarily for personal, family or
3667 household purposes.

3668 (i) (1) This section does not apply to:

3669 (A) An assignment of a health-care-insurance receivable;

3670 (B) An assignment or transfer of or creation of a security interest in:

3671 (i) A claim or right to receive compensation for injuries or sickness
3672 as described in 26 USC 104(a)(1) or (2), as amended from time to time,
3673 or

3674 (ii) A claim or right to receive benefits under a special needs trust as
3675 described in 42 USC 1396p(d)(4), as amended from time to time.

3676 (2) Subsection (f) of this section does not apply to an assignment or
3677 transfer of, or the creation, attachment, perfection or enforcement of a
3678 security interest in, a right the transfer of which is prohibited or
3679 restricted by any of the following statutes to the extent that the statute
3680 is inconsistent with said subsection: Section 12-831, 31-320 or 52-225f.

3681 Sec. 69. Section 42a-9-407 of the general statutes is repealed and the
3682 following is substituted in lieu thereof:

3683 [Upon request of any person, the filing officer shall issue his
3684 certificate showing whether there is on file on the date and hour stated
3685 therein, any presently effective financing statement naming a
3686 particular debtor and any statement of assignment thereof and if there
3687 is, giving the date and hour of filing of each such statement and the
3688 names and addresses of each secured party named therein. The
3689 uniform fee for such a certificate shall be twenty-five dollars. Upon
3690 request the filing officer shall furnish a photographic or electronic copy
3691 of any filed financing statement, continuation statement, termination
3692 statement, statement of assignment or statement of release for a
3693 uniform fee of five dollars and, if such statement consists of more than
3694 three pages, an additional uniform fee of five dollars for the fourth and
3695 each succeeding page. No fee shall be charged to the state when a
3696 certificate showing whether there is on file, on the date and hour stated
3697 therein, any presently effective financing statement, naming a
3698 particular debtor and any assignment or amendment thereof, is
3699 requested by the Attorney General or an assistant attorney general or
3700 by an authorized official of the state or any of its agencies, boards or

3701 commissions acting in his official capacity, and no fee shall be charged
3702 to a municipality when such certificate is requested by the tax collector
3703 or other municipal officer of such municipality, pursuant to the
3704 provisions of sections 12-195a to 12-195g, inclusive.]

3705 (a) Except as otherwise provided in subsection (b), a term in a lease
3706 agreement is ineffective to the extent that it:

3707 (1) Prohibits, restricts or requires the consent of a party to the lease
3708 to the assignment or transfer of, or the creation, attachment, perfection
3709 or enforcement of a security interest in, an interest of a party under the
3710 lease contract or in the lessor's residual interest in the goods; or

3711 (2) Provides that the assignment or transfer or the creation,
3712 attachment, perfection or enforcement of the security interest may give
3713 rise to a default, breach, right of recoupment, claim, defense,
3714 termination, right of termination or remedy under the lease.

3715 (b) A term described in subdivision (2) of subsection (a) is effective
3716 to the extent that there is:

3717 (1) A transfer by the lessee of the lessee's right of possession or use
3718 of the goods in violation of the term; or

3719 (2) A delegation of a material performance of either party to the
3720 lease contract in violation of the term.

3721 (c) The creation, attachment, perfection or enforcement of a security
3722 interest in the lessor's interest under the lease contract or the lessor's
3723 residual interest in the goods is not a transfer that materially impairs
3724 the lessee's prospect of obtaining return performance or materially
3725 changes the duty of or materially increases the burden or risk imposed
3726 on the lessee unless, and then only to the extent that, enforcement
3727 actually results in a delegation of material performance of the lessor.

3728 Sec. 70. Section 42a-9-408 of the general statutes is repealed and the
3729 following is substituted in lieu thereof:

3730 [Unless a filing officer has notice of an action pending relative
3731 thereto, he may remove from the files and destroy (a) a lapsed
3732 financing statement, a lapsed continuation statement, a statement of
3733 assignment or release relating to either, and any index of any of them,
3734 one year or more after lapse; and (b) a termination statement and the
3735 index on which it is noted, one year or more after the filing of the
3736 termination statement.]

3737 (a) Except as otherwise provided in subsection (b), a term in a
3738 promissory note or in an agreement between an account debtor and a
3739 debtor which relates to a health-care-insurance receivable or a general
3740 intangible, including a contract, permit, license or franchise, and which
3741 term prohibits, restricts or requires the consent of the person obligated
3742 on the promissory note or the account debtor to, the assignment or
3743 transfer of, or creation, attachment or perfection of a security interest
3744 in, the promissory note, health-care-insurance receivable or general
3745 intangible, is ineffective to the extent that the term:

3746 (1) Would impair the creation, attachment or perfection of a security
3747 interest; or

3748 (2) Provides that the assignment or transfer or the creation,
3749 attachment or perfection of the security interest may give rise to a
3750 default, breach, right of recoupment, claim, defense, termination, right
3751 of termination or remedy under the promissory note, health-care-
3752 insurance receivable or general intangible.

3753 (b) Subsection (a) applies to a security interest in a payment
3754 intangible or promissory note only if the security interest arises out of
3755 a sale of the payment intangible or promissory note.

3756 (c) Except as provided in subsection (f), a rule of law, statute or
3757 regulation that prohibits, restricts or requires the consent of a
3758 government, governmental body or official, person obligated on a
3759 promissory note or account debtor to the assignment or transfer of, or
3760 creation of a security interest in, a promissory note, health-care-

3761 insurance receivable or general intangible, including a contract, permit,
3762 license or franchise between an account debtor and a debtor, is
3763 ineffective to the extent that the rule of law, statute or regulation:

3764 (1) Would impair the creation, attachment or perfection of a security
3765 interest; or

3766 (2) Provides that the assignment or transfer or the creation,
3767 attachment or perfection of the security interest may give rise to a
3768 default, breach, right of recoupment, claim, defense, termination, right
3769 of termination or remedy under the promissory note, health-care-
3770 insurance receivable or general intangible.

3771 (d) To the extent that a term in a promissory note or in an agreement
3772 between an account debtor and a debtor which relates to a health-care-
3773 insurance receivable or general intangible or a rule of law, statute or
3774 regulation described in subsection (c) would be effective under law
3775 other than this article but is ineffective under subsection (a) or (c), the
3776 creation, attachment or perfection of a security interest in the
3777 promissory note, health-care-insurance receivable or general
3778 intangible:

3779 (1) Is not enforceable against the person obligated on the promissory
3780 note or the account debtor;

3781 (2) Does not impose a duty or obligation on the person obligated on
3782 the promissory note or the account debtor;

3783 (3) Does not require the person obligated on the promissory note or
3784 the account debtor to recognize the security interest, pay or render
3785 performance to the secured party, or accept payment or performance
3786 from the secured party;

3787 (4) Does not entitle the secured party to use or assign the debtor's
3788 rights under the promissory note, health-care-insurance receivable or
3789 general intangible, including any related information or materials
3790 furnished to the debtor in the transaction giving rise to the promissory

3791 note, health-care-insurance receivable or general intangible;

3792 (5) Does not entitle the secured party to use, assign, possess or have
3793 access to any trade secrets or confidential information of the person
3794 obligated on the promissory note or the account debtor; and

3795 (6) Does not entitle the secured party to enforce the security interest
3796 in the promissory note, health-care-insurance receivable or general
3797 intangible.

3798 (e) Except as provided in subsection (f) of this section, this section
3799 prevails over any inconsistent provision of any statute or regulation of
3800 this state unless the provision is contained in a statute of this state,
3801 refers expressly to this section and states that the provision prevails
3802 over this section.

3803 (f) (1) This section does not apply to an assignment or transfer of or
3804 creation of a security interest in:

3805 (i) A claim or right to receive compensation for injuries or sickness
3806 as described in 26 USC 104(a)(1) or (2), as amended from time to time,
3807 or

3808 (ii) A claim or right to receive benefits under a special needs trust as
3809 described in 42 USC 1396p(d)(4), as amended from time to time.

3810 (2) Subsection (c) of this section does not apply to an assignment or
3811 transfer of, or the creation, attachment, perfection or enforcement of a
3812 security interest in, a right the transfer of which is prohibited or
3813 restricted by any of the following statutes to the extent that the statute
3814 is inconsistent with said subsection: Section 12-831, 31-320 or 52-225f.

3815 Sec. 71. Section 42a-9-409 of the general statutes is repealed and the
3816 following is substituted in lieu thereof:

3817 [(1) Financing statements, security agreements, continuation
3818 statements, amendments, termination statements, statements of

3819 assignment and statements of release which are filed in the office of the
3820 town clerk pursuant to section 42a-9-401 (1) (a) and which comply with
3821 the requirements of this part shall be recorded, indexed and handled
3822 as would be similar instruments relating to a mortgage upon the real
3823 estate concerned. In particular, each financing statement, security
3824 agreement, continuation statement and amendment shall be indexed in
3825 the grantor index according to the name of the debtor and if it shows
3826 the name of a record owner of the real estate which is other than that
3827 of the debtor, it shall also be indexed according to the name of such
3828 owner; all such items shall also be indexed in the grantee index
3829 according to the name of the secured party. The fees for recording and
3830 indexing shall be as provided in subsection (a) of section 7-34a.

3831 (2) In addition to other requirements of this part, a continuation
3832 statement, amendment, termination statement, statement of
3833 assignment or statement of release which is filed in the office of a town
3834 clerk must refer to the record of the original financing statement by
3835 book and page. The town clerk shall enter upon the margin of the
3836 record of the original financing statement a notation of the record of
3837 the subsequent statement or amendment.

3838 (3) Provision for a security interest in goods which are or are to
3839 become fixtures may be included in a mortgage or other like
3840 instrument transferring an interest in the real estate concerned. If such
3841 instrument complies with the requirements for a financing statement
3842 of section 42a-9-402, except the signature of the secured party, is
3843 recorded as an instrument affecting real estate, and has the appropriate
3844 recording fee paid therefor, such recording or registering and payment
3845 of fee shall be an effective filing under this part in the office of the
3846 town clerk without the necessity of any separate filing or payment of
3847 any separate fee to the town clerk under this part.

3848 (4) If a person filing any financing statement, continuation
3849 statement, amendment, termination statement, statement of
3850 assignment or statement of release furnishes the town clerk a copy

3851 thereof at the time of filing, the town clerk shall upon request note
3852 upon such copy the date and hour of the filing of the original and
3853 promptly deliver or send the copy to such person.]

3854 (a) A term in a letter of credit or a rule of law, statute, regulation,
3855 custom or practice applicable to the letter of credit which prohibits,
3856 restricts or requires the consent of an applicant, issuer or nominated
3857 person to a beneficiary's assignment of or creation of a security interest
3858 in a letter-of-credit right is ineffective to the extent that the term or rule
3859 of law, statute, regulation, custom or practice:

3860 (1) Would impair the creation, attachment or perfection of a security
3861 interest in the letter-of-credit right; or

3862 (2) Provides that the assignment or the creation, attachment or
3863 perfection of the security interest may give rise to a default, breach,
3864 right of recoupment, claim, defense, termination, right of termination
3865 or remedy under the letter-of-credit right.

3866 (b) To the extent that a term in a letter of credit is ineffective under
3867 subsection (a) but would be effective under law other than this article
3868 or a custom or practice applicable to the letter of credit, to the transfer
3869 of a right to draw or otherwise demand performance under the letter
3870 of credit or to the assignment of a right to proceeds of the letter of
3871 credit, the creation, attachment or perfection of a security interest in
3872 the letter-of-credit right:

3873 (1) Is not enforceable against the applicant, issuer, nominated person
3874 or transferee beneficiary;

3875 (2) Imposes no duties or obligations on the applicant, issuer,
3876 nominated person or transferee beneficiary; and

3877 (3) Does not require the applicant, issuer, nominated person or
3878 transferee beneficiary to recognize the security interest, pay or render
3879 performance to the secured party, or accept payment or other
3880 performance from the secured party.

3881 Sec. 72. Section 42a-9-501 of the general statutes is repealed and the
3882 following is substituted in lieu thereof:

3883 [(1) When a debtor is in default under a security agreement, a
3884 secured party has the rights and remedies provided in this part and
3885 except as limited by subsection (3) those provided in the security
3886 agreement. He may reduce his claim to judgment, foreclose or
3887 otherwise enforce the security interest by any available judicial
3888 procedure. If the collateral is documents the secured party may
3889 proceed either as to the documents or as to the goods covered thereby.
3890 A secured party in possession has the rights, remedies and duties
3891 provided in section 42a-9-207. The rights and remedies referred to in
3892 this subsection are cumulative.

3893 (2) After default, the debtor has the rights and remedies provided in
3894 this part, those provided in the security agreement and those provided
3895 in section 42a-9-207.

3896 (3) To the extent that they give rights to the debtor and impose
3897 duties on the secured party, the rules stated in the subsections referred
3898 to below may not be waived or varied except as provided with respect
3899 to compulsory disposition of collateral by subsection (3) of section 42a-
3900 9-504 and section 42a-9-505 and with respect to redemption of
3901 collateral by section 42a-9-506 but the parties may by agreement
3902 determine the standards by which the fulfillment of these rights and
3903 duties is to be measured if such standards are not manifestly
3904 unreasonable: (a) Subsection (2) of section 42a-9-502 and subsection (2)
3905 of section 42a-9-504 insofar as they require accounting for surplus
3906 proceeds of collateral; (b) subsection (3) of section 42a-9-504 and
3907 subsection (1) of section 42a-9-505 which deal with disposition of
3908 collateral; (c) subsection (2) of section 42a-9-505 which deals with
3909 acceptance of collateral as discharge of obligation; (d) section 42a-9-506
3910 which deals with redemption of collateral; and (e) subsection (1) of
3911 section 42a-9-507 which deals with the secured party's liability for
3912 failure to comply with this part.

3913 (4) If the security agreement covers both real and personal property,
 3914 the secured party may proceed under this part as to the personal
 3915 property or he may proceed as to both the real and the personal
 3916 property in accordance with his rights and remedies in respect of the
 3917 real property in which case the provisions of this part do not apply.

3918 (5) When a secured party has reduced his claim to judgment the lien
 3919 of any levy which may be made upon his collateral by virtue of any
 3920 execution based upon the judgment shall relate back to the date of the
 3921 perfection of the security interest in such collateral. A judicial sale,
 3922 pursuant to such execution, is a foreclosure of the security interest by
 3923 judicial procedure within the meaning of this section, and the secured
 3924 party may purchase at the sale and thereafter hold the collateral free of
 3925 any other requirements of this article.]

3926 (a) Except as otherwise provided in subsection (b), if the local law of
 3927 this state governs perfection of a security interest or agricultural lien,
 3928 the office in which to file a financing statement to perfect the security
 3929 interest or agricultural lien is:

3930 (1) The office designated for the filing or recording of a record of a
 3931 mortgage on the related real property, if:

3932 (A) The collateral is as-extracted collateral or timber to be cut; or

3933 (B) The financing statement is filed as a fixture filing and the
 3934 collateral is goods that are or are to become fixtures; or

3935 (2) The Office of the Secretary of the State, in all other cases,
 3936 including a case in which the collateral is goods that are or are to
 3937 become fixtures and the financing statement is not filed as a fixture
 3938 filing.

3939 (b) The office in which to file a financing statement to perfect a
 3940 security interest in collateral, including fixtures, of a transmitting
 3941 utility is the Office of the Secretary of the State. The financing
 3942 statement also constitutes a fixture filing as to the collateral indicated

3943 in the financing statement which is or is to become fixtures.

3944 Sec. 73. Section 42a-9-502 of the general statutes is repealed and the
3945 following is substituted in lieu thereof:

3946 [(1) When so agreed and in any event on default the secured party is
3947 entitled to notify an account debtor or the obligor on an instrument to
3948 make payment to him whether or not the assignor was theretofore
3949 making collections on the collateral, and also to take control of any
3950 proceeds to which he is entitled under section 42a-9-306.

3951 (2) A secured party who by agreement is entitled to charge back
3952 uncollected collateral or otherwise to full or limited recourse against
3953 the debtor and who undertakes to collect from the account debtors or
3954 obligors must proceed in a commercially reasonable manner and may
3955 deduct his reasonable expenses of realization from the collections. If
3956 the security agreement secures an indebtedness, the secured party
3957 must account to the debtor for any surplus and, unless otherwise
3958 agreed, the debtor is liable for any deficiency; but, if the underlying
3959 transaction was a sale of accounts or chattel paper, the debtor is
3960 entitled to any surplus or is liable for any deficiency only if the security
3961 agreement so provides.]

3962 (a) Subject to subsection (b), a financing statement is sufficient only
3963 if it:

3964 (1) Provides the name of the debtor;

3965 (2) Provides the name of the secured party or a representative of the
3966 secured party; and

3967 (3) Indicates the collateral covered by the financing statement.

3968 (b) Except as otherwise provided in subsection (b) of section 42a-9-
3969 501, as amended by this act, to be sufficient, a financing statement that
3970 covers as-extracted collateral or timber to be cut, or which is filed as a
3971 fixture filing and covers goods that are or are to become fixtures, must

3972 satisfy subsection (a) and also:

3973 (1) Indicate that it covers this type of collateral;

3974 (2) Indicate that it is to be filed in the real property records;

3975 (3) Provide a description of the real property to which the collateral
3976 is related [sufficient to give constructive notice of a mortgage under the
3977 law of this State if the description were contained in a record of the
3978 mortgage of the real property]; and

3979 (4) If the debtor does not have an interest of record in the real
3980 property, provide the name of a record owner.

3981 (c) A record of a mortgage is effective, from the date of recording, as
3982 a financing statement filed as a fixture filing or as a financing
3983 statement covering as-extracted collateral or timber to be cut only if:

3984 (1) The record indicates the goods or accounts that it covers;

3985 (2) The goods are or are to become fixtures related to the real
3986 property described in the record or the collateral is related to the real
3987 property described in the record and is as-extracted collateral or timber
3988 to be cut;

3989 (3) The record satisfies the requirements for a financing statement in
3990 this section other than an indication that it is to be recorded in the real
3991 property records; and

3992 (4) The record is recorded.

3993 (d) A financing statement may be filed or recorded before a security
3994 agreement is made or a security interest otherwise attaches.

3995 Sec. 74. Section 42a-9-503 of the general statutes is repealed and the
3996 following is substituted in lieu thereof:

3997 [Unless otherwise agreed a secured party has on default the right to

3998 take possession of the collateral. In taking possession a secured party
3999 may proceed without judicial process if this can be done without
4000 breach of the peace or may proceed by action. If the security agreement
4001 so provides the secured party may require the debtor to assemble the
4002 collateral and make it available to the secured party at a place to be
4003 designated by the secured party which is reasonably convenient to
4004 both parties. Without removal a secured party may render equipment
4005 unusable, and may dispose of collateral on the debtor's premises under
4006 section 42a-9-504.]

4007 (a) A financing statement sufficiently provides the name of the
4008 debtor:

4009 (1) If the debtor is a registered organization, only if the financing
4010 statement provides the name of the debtor indicated on the public
4011 record of the debtor's jurisdiction of organization which shows the
4012 debtor to have been organized;

4013 (2) If the debtor is a decedent's estate, only if the financing
4014 statement provides the name of the decedent and indicates that the
4015 debtor is an estate;

4016 (3) If the debtor is a trust or a trustee acting with respect to property
4017 held in trust, only if the financing statement:

4018 (A) Provides the name specified for the trust in its organic
4019 documents or, if no name is specified, provides the name of the settlor
4020 and additional information sufficient to distinguish the debtor from
4021 other trusts having one or more of the same settlors; and

4022 (B) Indicates, in the debtor's name or otherwise, that the debtor is a
4023 trust or is a trustee acting with respect to property held in trust; and

4024 (4) In other cases:

4025 (A) If the debtor has a name, only if it provides the individual or
4026 organizational name of the debtor; and

4027 (B) If the debtor does not have a name, only if it provides the names
4028 of the partners, members, associates or other persons comprising the
4029 debtor.

4030 (b) A financing statement that provides the name of the debtor in
4031 accordance with subsection (a) is not rendered ineffective by the
4032 absence of:

4033 (1) A trade name or other name of the debtor; or

4034 (2) Unless required under subparagraph (B) of subdivision (4) of
4035 subsection (a) of this section, names of partners, members, associates
4036 or other persons comprising the debtor.

4037 (c) A financing statement that provides only the debtor's trade name
4038 does not sufficiently provide the name of the debtor.

4039 (d) Failure to indicate the representative capacity of a secured party
4040 or representative of a secured party does not affect the sufficiency of a
4041 financing statement.

4042 (e) A financing statement may provide the name of more than one
4043 debtor and the name of more than one secured party.

4044 Sec. 75. Section 42a-9-504 of the general statutes is repealed and the
4045 following is substituted in lieu thereof:

4046 [(1) A secured party after default may sell, lease or otherwise
4047 dispose of any or all of the collateral in its then condition or following
4048 any commercially reasonable preparation or processing. Any sale of
4049 goods is subject to article 2. The proceeds of disposition shall be
4050 applied in the order following to (a) the reasonable expenses of
4051 retaking, holding, preparing for sale or lease, selling, leasing and the
4052 like and, to the extent provided for in the agreement and not
4053 prohibited by law, the reasonable attorneys' fees and legal expenses
4054 incurred by the secured party; (b) the satisfaction of indebtedness
4055 secured by the security interest under which the disposition is made;

4056 (c) the satisfaction of indebtedness secured by any subordinate security
4057 interest in the collateral if written notification of demand therefor is
4058 received before distribution of the proceeds is completed. If requested
4059 by the secured party, the holder of a subordinate security interest must
4060 seasonably furnish reasonable proof of his interest, and unless he does
4061 so, the secured party need not comply with his demand.

4062 (2) If the security interest secures an indebtedness, the secured party
4063 must account to the debtor for any surplus and, unless otherwise
4064 agreed, the debtor is liable for any deficiency; but if the underlying
4065 transaction was a sale of accounts or chattel paper, the debtor is
4066 entitled to any surplus or is liable for any deficiency only if the security
4067 agreement so provides.

4068 (3) Disposition of the collateral may be by public or private
4069 proceedings and may be made by way of one or more contracts. Sale or
4070 other disposition may be as a unit or in parcels and at any time and
4071 place and on any terms but every aspect of the disposition including
4072 the method, manner, time, place and terms must be commercially
4073 reasonable. Unless collateral is perishable or threatens to decline
4074 speedily in value or is of a type customarily sold on a recognized
4075 market, reasonable notification of the time and place of any public sale
4076 or reasonable notification of the time after which any private sale or
4077 other intended disposition is to be made shall be sent by the secured
4078 party to the debtor, if he has not signed after default a statement
4079 renouncing or modifying his right to notification of sale. In the case of
4080 consumer goods no other notification need be sent. In other cases
4081 notification shall be sent to any other secured party from whom the
4082 secured party has received, before sending his notification to the
4083 debtor or before the debtor's renunciation of his rights, written notice
4084 of a claim of an interest in the collateral. The secured party may buy at
4085 any public sale and if the collateral is of a type customarily sold in a
4086 recognized market or is of a type which is the subject of widely
4087 distributed standard price quotations he may buy at private sale.

4088 (4) When collateral is disposed of by a secured party after default,
4089 the disposition transfers to a purchaser for value all of the debtor's
4090 rights therein, discharges the security interest under which it is made
4091 and any security interest or lien subordinate thereto. The purchaser
4092 takes free of all such rights and interests even though the secured party
4093 fails to comply with the requirements of this part or of any judicial
4094 proceedings (a) in the case of a public sale, if the purchaser has no
4095 knowledge of any defects in the sale and if he does not buy in collusion
4096 with the secured party, other bidders or the person conducting the
4097 sale; or (b) in any other case, if the purchaser acts in good faith.

4098 (5) A person who is liable to a secured party under a guaranty,
4099 endorsement, repurchase agreement or the like and who receives a
4100 transfer of collateral from the secured party or is subrogated to his
4101 rights has thereafter the rights and duties of the secured party. Such a
4102 transfer of collateral is not a sale or disposition of the collateral under
4103 this article.]

4104 A financing statement sufficiently indicates the collateral that it
4105 covers if the financing statement provides:

4106 (1) A description of the collateral pursuant to section 42a-9-108, as
4107 amended by this act; or

4108 (2) An indication that the financing statement covers all assets or all
4109 personal property.

4110 Sec. 76. Section 42a-9-505 of the general statutes is repealed and the
4111 following is substituted in lieu thereof:

4112 [(1) If the debtor has paid sixty per cent of the cash price in the case
4113 of a purchase money security interest in consumer goods or sixty per
4114 cent of the loan in the case of another security interest in consumer
4115 goods, and has not signed after default a statement renouncing or
4116 modifying his rights under this part a secured party who has taken
4117 possession of collateral must dispose of it under section 42a-9-504 and

4118 if he fails to do so within ninety days after he takes possession the
4119 debtor at his option may recover in conversion or under section 42a-9-
4120 507 (1) on secured party's liability.

4121 (2) In any other case involving consumer goods or any other
4122 collateral a secured party in possession may, after default, propose to
4123 retain the collateral in satisfaction of the obligation. Written notice of
4124 such proposal shall be sent to the debtor if he has not signed after
4125 default a statement renouncing or modifying his rights under this
4126 subsection. In the case of consumer goods no other notice need be
4127 given. In other cases notice shall be sent to any other secured party
4128 from whom the secured party has received, before sending his notice
4129 to the debtor or before the debtor's renunciation of his rights, written
4130 notice of a claim of an interest in the collateral. If the secured party
4131 receives objection in writing from a person entitled to receive
4132 notification within twenty-one days after the notice was sent, the
4133 secured party must dispose of the collateral under section 42a-9-504. In
4134 the absence of such written objection the secured party may retain the
4135 collateral in satisfaction of the debtor's obligation.]

4136 (a) A consignor, lessor or other bailor of goods, a licensor or a buyer
4137 of a payment intangible or promissory note may file a financing
4138 statement, or may comply with a statute or treaty described in
4139 subsection (a) of section 42a-9-311, as amended by this act, using the
4140 terms "consignor", "consignee", "lessor", "lessee", "bailor", "bailee",
4141 "licensor", "licensee", "owner", "registered owner", "buyer", "seller" or
4142 words of similar import, instead of the terms "secured party" and
4143 "debtor".

4144 (b) Sections 42a-9-501 to 42a-9-507, inclusive, as amended by this
4145 act, and sections 79 to 97, inclusive, of this act apply to the filing of a
4146 financing statement under subsection (a) and, as appropriate, to
4147 compliance that is equivalent to filing a financing statement under
4148 subsection (b) of section 42a-9-311, as amended by this act, but the
4149 filing or compliance is not of itself a factor in determining whether the

4150 collateral secures an obligation. If it is determined for another reason
4151 that the collateral secures an obligation, a security interest held by the
4152 consignor, lessor, bailor, licensor, owner or buyer which attaches to the
4153 collateral is perfected by the filing or compliance.

4154 Sec. 77. Section 42a-9-506 of the general statutes is repealed and the
4155 following is substituted in lieu thereof:

4156 [At any time before the secured party has disposed of collateral or
4157 entered into a contract for its disposition under section 42a-9-504 or
4158 before the obligation has been discharged under section 42a-9-505(2)
4159 the debtor or any other secured party may unless otherwise agreed in
4160 writing after default redeem the collateral by tendering fulfillment of
4161 all obligations secured by the collateral as well as the expenses
4162 reasonably incurred by the secured party in retaking, holding and
4163 preparing the collateral for disposition, in arranging for the sale, and to
4164 the extent provided in the agreement and not prohibited by law, his
4165 reasonable attorney's fees and legal expenses.]

4166 (a) A financing statement substantially satisfying the requirements
4167 of sections 42a-9-501 to 42a-9-507, inclusive, as amended by this act,
4168 and sections 79 to 97, inclusive, of this act is effective, even if it has
4169 minor errors or omissions, unless the errors or omissions make the
4170 financing statement seriously misleading.

4171 (b) Except as otherwise provided in subsection (c), a financing
4172 statement that fails sufficiently to provide the name of the debtor in
4173 accordance with subsection (a) of section 42a-9-503, as amended by this
4174 act, is seriously misleading.

4175 (c) If a search of the records of the filing office under the debtor's
4176 correct name, using the filing office's standard search logic, if any,
4177 would disclose a financing statement that fails sufficiently to provide
4178 the name of the debtor in accordance with subsection (a) of section 42a-
4179 9-503, as amended by this act, the name provided does not make the
4180 financing statement seriously misleading.

4181 (d) For purposes of subsection (b) of section 79 of this act, the
4182 "debtor's correct name" in subsection (c) means the correct name of the
4183 new debtor.

4184 Sec. 78. Section 42a-9-507 of the general statutes is repealed and the
4185 following is substituted in lieu thereof:

4186 [(1) If it is established that the secured party is not proceeding in
4187 accordance with the provisions of this part disposition may be ordered
4188 or restrained on appropriate terms and conditions. If the disposition
4189 has occurred the debtor or any person entitled to notification or whose
4190 security interest has been made known to the secured party prior to
4191 the disposition has a right to recover from the secured party any loss
4192 caused by a failure to comply with the provisions of this part. If the
4193 collateral is consumer goods, the debtor has a right to recover in any
4194 event an amount not less than the credit service charge plus ten per
4195 cent of the principal amount of the debt or the time price differential
4196 plus ten per cent of the cash price.

4197 (2) The fact that a better price could have been obtained by a sale at
4198 a different time or in a different method from that selected by the
4199 secured party is not of itself sufficient to establish that the sale was not
4200 made in a commercially reasonable manner. If the secured party either
4201 sells the collateral in the usual manner in any recognized market
4202 therefor or if he sells at the price current in such market at the time of
4203 his sale or if he has otherwise sold in conformity with reasonable
4204 commercial practices among dealers in the type of property sold he has
4205 sold in a commercially reasonable manner. The principles stated in the
4206 two preceding sentences with respect to sales also apply as may be
4207 appropriate to other types of disposition. A disposition which has been
4208 approved in any judicial proceeding or by any bona fide creditors'
4209 committee or representative of creditors shall conclusively be deemed
4210 to be commercially reasonable, but this sentence does not indicate that
4211 any such approval must be obtained in any case nor does it indicate
4212 that any disposition not so approved is not commercially reasonable.]

4213 (a) A filed financing statement remains effective with respect to
4214 collateral that is sold, exchanged, leased, licensed or otherwise
4215 disposed of and in which a security interest or agricultural lien
4216 continues, even if the secured party knows of or consents to the
4217 disposition.

4218 (b) Except as otherwise provided in subsection (c) and section 79 of
4219 this act, a financing statement is not rendered ineffective if, after the
4220 financing statement is filed, the information provided in the financing
4221 statement becomes seriously misleading under section 42a-9-506, as
4222 amended by this act.

4223 (c) If a debtor so changes its name that a filed financing statement
4224 becomes seriously misleading under section 42a-9-506, as amended by
4225 this act:

4226 (1) The financing statement is effective to perfect a security interest
4227 in collateral acquired by the debtor before, or within four months after,
4228 the change; and

4229 (2) The financing statement is not effective to perfect a security
4230 interest in collateral acquired by the debtor more than four months
4231 after the change, unless an amendment to the financing statement
4232 which renders the financing statement not seriously misleading is filed
4233 within four months after the change.

4234 Sec. 79. (NEW) (a) Except as otherwise provided in this section, a
4235 filed financing statement naming an original debtor is effective to
4236 perfect a security interest in collateral in which a new debtor has or
4237 acquires rights to the extent that the financing statement would have
4238 been effective had the original debtor acquired rights in the collateral.

4239 (b) If the difference between the name of the original debtor and that
4240 of the new debtor causes a filed financing statement that is effective
4241 under subsection (a) to be seriously misleading under section 42a-
4242 9-506 of the general statutes, as amended by this act:

4243 (1) The financing statement is effective to perfect a security interest
4244 in collateral acquired by the new debtor before, and within four
4245 months after, the new debtor becomes bound under subsection (d) of
4246 section 42a-9-203 of the general statutes, as amended by this act; and

4247 (2) The financing statement is not effective to perfect a security
4248 interest in collateral acquired by the new debtor more than four
4249 months after the new debtor becomes bound under subsection (d) of
4250 section 42a-9-203 of the general statutes, as amended by this act, unless
4251 an initial financing statement providing the name of the new debtor is
4252 filed before the expiration of that time.

4253 (c) This section does not apply to collateral as to which a filed
4254 financing statement remains effective against the new debtor under
4255 subsection (a) of section 42a-9-507 of the general statutes, as amended
4256 by this act.

4257 Sec. 80. (NEW) (a) A person may file an initial financing statement,
4258 amendment that adds collateral covered by a financing statement or
4259 amendment that adds a debtor to a financing statement only if:

4260 (1) The debtor authorizes the filing in an authenticated record or
4261 pursuant to subsection (b) or (c); or

4262 (2) The person holds an agricultural lien that has become effective at
4263 the time of filing and the financing statement covers only collateral in
4264 which the person holds an agricultural lien.

4265 (b) By authenticating or becoming bound as debtor by a security
4266 agreement, a debtor or new debtor authorizes the filing of an initial
4267 financing statement, and an amendment, covering:

4268 (1) The collateral described in the security agreement; and

4269 (2) Property that becomes collateral under subdivision (2) of
4270 subsection (a) of section 42a-9-315 of the general statutes, as amended
4271 by this act, whether or not the security agreement expressly covers

4272 proceeds.

4273 (c) By acquiring collateral in which a security interest or agricultural
4274 lien continues under subdivision (1) of subsection (a) of section 42a-9-
4275 315 of the general statutes, as amended by this act, a debtor authorizes
4276 the filing of an initial financing statement, and an amendment,
4277 covering the collateral and property that becomes collateral under
4278 subdivision (2) of subsection (a) of section 42-9-315 of the general
4279 statutes, as amended by this act.

4280 (d) A person may file an amendment other than an amendment that
4281 adds collateral covered by a financing statement or an amendment that
4282 adds a debtor to a financing statement only if:

4283 (1) The secured party of record authorizes the filing; or

4284 (2) The amendment is a termination statement for a financing
4285 statement as to which the secured party of record has failed to file or
4286 send a termination statement as required by subsection (a) or (c) of
4287 section 84 of this act, the debtor authorizes the filing, and the
4288 termination statement indicates that the debtor authorized it to be
4289 filed.

4290 (e) If there is more than one secured party of record for a financing
4291 statement, each secured party of record may authorize the filing of an
4292 amendment under subsection (d).

4293 Sec. 81. (NEW) (a) A filed record is effective only to the extent that it
4294 was filed by a person that may file it under section 80 of this act.

4295 (b) A record authorized by one secured party of record does not
4296 affect the financing statement with respect to another secured party of
4297 record.

4298 (c) A continuation statement that is not filed within the six-month
4299 period prescribed by subsection (d) of section 86 of this act is
4300 ineffective.

4301 Sec. 82. (NEW) (a) A secured party of record with respect to a
4302 financing statement is a person whose name is provided as the name of
4303 the secured party or a representative of the secured party in an initial
4304 financing statement that has been filed. If an initial financing statement
4305 is filed under subsection (a) of section 85 of this act, the assignee
4306 named in the initial financing statement is the secured party of record
4307 with respect to the financing statement.

4308 (b) If an amendment of a financing statement which provides the
4309 name of a person as a secured party or a representative of a secured
4310 party is filed, the person named in the amendment is a secured party
4311 of record. If an amendment is filed under subsection (b) of section 85 of
4312 this act, the assignee named in the amendment is a secured party of
4313 record.

4314 (c) A person remains a secured party of record until the filing of an
4315 amendment of the financing statement which deletes the person.

4316 Sec. 83. (NEW) (a) Subject to section 80 of this act, a person may add
4317 or delete collateral covered by, continue or terminate the effectiveness
4318 of, or, subject to subsection (e), otherwise amend the information
4319 provided in, a financing statement by filing an amendment that:

4320 (1) Identifies, by its file number, the initial financing statement to
4321 which the amendment relates; or

4322 (2) If the amendment relates to an initial financing statement
4323 recorded in a filing office described in subdivision (1) of subsection (a)
4324 of section 42a-9-501 of the general statutes, as amended by this act,
4325 identifies the initial financing statement to which the amendment
4326 relates by book and page or the date that the initial financing statement
4327 was recorded.

4328 (b) Except as otherwise provided in section 86 of this act, the filing
4329 of an amendment does not extend the period of effectiveness of the
4330 financing statement.

4331 (c) A financing statement that is amended by an amendment that
4332 adds collateral is effective as to the added collateral only from the date
4333 of the filing of the amendment.

4334 (d) A financing statement that is amended by an amendment that
4335 adds a debtor is effective as to the added debtor only from the date of
4336 the filing of the amendment.

4337 (e) An amendment is ineffective to the extent it:

4338 (1) Purports to delete all debtors and fails to provide the name of a
4339 debtor to be covered by the financing statement; or

4340 (2) Purports to delete all secured parties of record and fails to
4341 provide the name of a new secured party of record.

4342 Sec. 84. (NEW) (a) A secured party shall cause the secured party of
4343 record for a financing statement to file a termination statement for the
4344 financing statement if the financing statement covers consumer goods
4345 and:

4346 (1) There is no obligation secured by the collateral covered by the
4347 financing statement and no commitment to make an advance, incur an
4348 obligation or otherwise give value; or

4349 (2) The debtor did not authorize the filing of the initial financing
4350 statement.

4351 (b) To comply with subsection (a), a secured party shall cause the
4352 secured party of record to file the termination statement:

4353 (1) Within one month after there is no obligation secured by the
4354 collateral covered by the financing statement and no commitment to
4355 make an advance, incur an obligation or otherwise give value; or

4356 (2) If earlier, within twenty days after the secured party receives an
4357 authenticated demand from a debtor.

4358 (c) In cases not governed by subsection (a), within twenty days after
4359 a secured party receives an authenticated demand from a debtor, the
4360 secured party shall cause the secured party of record for a financing
4361 statement to send to the debtor a termination statement for the
4362 financing statement or file the termination statement in the filing office
4363 if:

4364 (1) Except in the case of a financing statement covering accounts or
4365 chattel paper that has been sold or goods that are the subject of a
4366 consignment, there is no obligation secured by the collateral covered
4367 by the financing statement and no commitment to make an advance,
4368 incur an obligation or otherwise give value;

4369 (2) The financing statement covers accounts or chattel paper that has
4370 been sold but as to which the account debtor or other person obligated
4371 has discharged its obligation;

4372 (3) The financing statement covers goods that were the subject of a
4373 consignment to the debtor but are not in the debtor's possession; or

4374 (4) The debtor did not authorize the filing of the initial financing
4375 statement.

4376 (d) Except as otherwise provided in section 81 of this act, upon the
4377 filing of a termination statement with the filing office, the financing
4378 statement to which the termination statement relates ceases to be
4379 effective. Except as otherwise provided in section 81 of this act, for
4380 purposes of subsection (f) of section 90 of this act, subsection (a) of
4381 section 93 of this act and subsection (c) of section 94 of this act, the
4382 filing with the filing office of a termination statement relating to a
4383 financing statement that indicates that the debtor is a transmitting
4384 utility also causes the effectiveness of the financing statement to lapse.

4385 Sec. 85. (NEW) (a) Except as otherwise provided in subsection (c), an
4386 initial financing statement may reflect an assignment of all of the
4387 secured party's power to authorize an amendment to the financing

4388 statement by providing the name and mailing address of the assignee
4389 as the name and address of the secured party.

4390 (b) Except as otherwise provided in subsection (c), a secured party
4391 of record may assign of record all or part of its power to authorize an
4392 amendment to a financing statement by filing in the filing office an
4393 amendment of the financing statement which:

4394 (1) Identifies, by its file number, the initial financing statement to
4395 which it relates;

4396 (2) Provides the name of the assignor; and

4397 (3) Provides the name and mailing address of the assignee.

4398 (c) An assignment of record of a security interest in a fixture covered
4399 by a fixture filing or record of a mortgage which is effective as a
4400 financing statement filed as a fixture filing under subsection (c) of
4401 section 42a-9-502 of the general statutes, as amended by this act, may
4402 be made only by an assignment of record of the fixture filing or
4403 mortgage in the manner provided by law of this state other than title
4404 42a of the general statutes.

4405 Sec. 86. (NEW) (a) Except as otherwise provided in subsections (b),
4406 (e), (f) and (g), a filed financing statement is effective for a period of
4407 five years after the date of filing.

4408 (b) Except as otherwise provided in subsections (e), (f) and (g), an
4409 initial financing statement filed in connection with a manufactured-
4410 home transaction is effective for a period of thirty years after the date
4411 of filing if it indicates that it is filed in connection with a
4412 manufactured-home transaction.

4413 (c) The effectiveness of a filed financing statement lapses on the
4414 expiration of the period of its effectiveness unless before the lapse a
4415 continuation statement is filed pursuant to subsection (d). Upon lapse,
4416 a financing statement ceases to be effective and any security interest or

4417 agricultural lien that was perfected by the financing statement
4418 becomes unperfected, unless the security interest is perfected
4419 otherwise. If the security interest or agricultural lien becomes
4420 unperfected upon lapse, it is deemed never to have been perfected as
4421 against a purchaser of the collateral for value.

4422 (d) A continuation statement may be filed only within six months
4423 before the expiration of the five-year period specified in subsection (a)
4424 or the thirty-year period specified in subsection (b), whichever is
4425 applicable.

4426 (e) Except as otherwise provided in section 81 of this act, upon
4427 timely filing of a continuation statement, the effectiveness of the initial
4428 financing statement continues for a period of five years commencing
4429 on the day on which the financing statement would have become
4430 ineffective in the absence of the filing. Upon the expiration of the five-
4431 year period, the financing statement lapses in the same manner as
4432 provided in subsection (c), unless, before the lapse, another
4433 continuation statement is filed pursuant to subsection (d). Succeeding
4434 continuation statements may be filed in the same manner to continue
4435 the effectiveness of the initial financing statement.

4436 (f) If a debtor is a transmitting utility and a filed financing statement
4437 so indicates, the financing statement is effective until a termination
4438 statement is filed.

4439 (g) A record of a mortgage that is effective as a financing statement
4440 filed as a fixture filing under subsection (c) of section 42a-9-502 of the
4441 general statutes, as amended by this act, remains effective as a
4442 financing statement filed as a fixture filing until the mortgage is
4443 released or satisfied of record or its effectiveness otherwise terminates
4444 as to the real property.

4445 Sec. 87. (NEW) (a) Except as otherwise provided in subsection (b),
4446 communication of a record to a filing office and tender of the filing fee
4447 or acceptance of the record by the filing office constitutes filing. In the

4448 case of the recording of a record in a filing office described in
4449 subdivision (1) of subsection (a) of section 42a-90-501 of the general
4450 statutes, as amended by this act, tender of the filing fee means tender
4451 of the fee specified in section 7-34a of the general statutes.

4452 (b) Filing does not occur with respect to a record that a filing office
4453 refuses to accept because:

4454 (1) The record is not communicated by a method or medium of
4455 communication authorized by the filing office;

4456 (2) An amount equal to or greater than the applicable filing fee is not
4457 tendered;

4458 (3) The filing office is unable to index the record because:

4459 (A) In the case of an initial financing statement, the record does not
4460 provide a name for the debtor;

4461 (B) In the case of an amendment or correction statement, the record:

4462 (i) Does not identify the initial financing statement as required by
4463 section 83 or 89 of this act, as applicable; or

4464 (ii) Identifies an initial financing statement whose effectiveness has
4465 lapsed under section 86 of this act; or

4466 (C) In the case of an initial financing statement that provides the
4467 name of a debtor identified as an individual or an amendment that
4468 provides a name of a debtor identified as an individual which was not
4469 previously provided in the financing statement to which the record
4470 relates, the record does not identify the debtor's last name;

4471 (4) In the case of an initial financing statement or an amendment
4472 that adds a secured party of record, the record does not provide a
4473 name and mailing address for the secured party of record;

4474 (5) In the case of an initial financing statement or an amendment

4475 that provides a name of a debtor which was not previously provided in
4476 the financing statement to which the amendment relates, the record
4477 does not:

4478 (A) Provide a mailing address for the debtor;

4479 (B) Indicate whether the debtor is an individual or an organization;
4480 or

4481 (C) If the financing statement indicates that the debtor is an
4482 organization, provide:

4483 (i) A type of organization for the debtor; and

4484 (ii) A jurisdiction of organization for the debtor;

4485 (6) In the case of an assignment reflected in an initial financing
4486 statement under subsection (a) of section 85 of this act, or an
4487 amendment filed under subsection (b) of section 85 of this act, the
4488 record does not provide a name and mailing address for the assignee;
4489 or

4490 (7) In the case of a continuation statement, the record is not filed
4491 within the six-month period prescribed by subsection (d) of section 86
4492 of this act.

4493 (c) For purposes of subsection (b):

4494 (1) A record does not provide information if the filing office is
4495 unable to read or decipher the information; and

4496 (2) A record that does not indicate that it is an amendment or
4497 identify an initial financing statement to which it relates, as required
4498 by section 83, 85 or 89 of this act, is an initial financing statement.

4499 (d) A record that is communicated to the filing office with tender of
4500 the filing fee, but which the filing office refuses to accept for a reason
4501 other than one set forth in subsection (b), is effective as a filed record

4502 except as against a purchaser of the collateral which gives value in
4503 reasonable reliance upon the absence of the record from the files.

4504 Sec. 88. (NEW) The failure of the filing office to index a record
4505 correctly does not affect the effectiveness of the filed record.

4506 Sec. 89. (NEW) (a) A person may file in the filing office a correction
4507 statement with respect to a record indexed there under the person's
4508 name if the person believes that the record is inaccurate or was
4509 wrongfully filed.

4510 (b) A correction statement must:

4511 (1) Identify the record to which it relates by:

4512 (A) The file number assigned to the initial financing statement to
4513 which the record relates; or

4514 (B) If the correction statement relates to a record recorded in a filing
4515 office described in subdivision (1) of subsection (a) of section 42a-9-501
4516 of the general statutes, as amended by this act, the book and page on
4517 which or the date that the initial financing statement was recorded;

4518 (2) Indicate that it is a correction statement; and

4519 (3) Provide the basis for the person's belief that the record is
4520 inaccurate and indicate the manner in which the person believes the
4521 record should be amended to cure any inaccuracy or provide the basis
4522 for the person's belief that the record was wrongfully filed.

4523 (c) The filing of a correction statement does not affect the
4524 effectiveness of an initial financing statement or other filed record.

4525 Sec. 90. (NEW) (a) For each record filed in a filing office, the filing
4526 office shall:

4527 (1) In the case of a record filed in the filing office described in
4528 subdivision (2) of subsection (a) of section 42a-9-501 of the general

4529 statutes, as amended by this act, assign a unique number to the filed
4530 record;

4531 (2) In the case of a record filed in the filing office described in
4532 subdivision (2) of subsection (a) of section 42a-9-501 of the general
4533 statutes, as amended by this act, create a record that bears the number
4534 assigned to the filed record and the date and time of filing;

4535 (3) Maintain the filed record for public inspection; and

4536 (4) Index the filed record in accordance with subsections (b), (c) and
4537 (d).

4538 (b) Except as otherwise provided in subsections (c) and (d), the
4539 filing office shall:

4540 (1) Index an initial financing statement according to the name of the
4541 debtor and index all filed records relating to the initial financing
4542 statement in a manner that associates with one another an initial
4543 financing statement and all filed records relating to the initial financing
4544 statement; and

4545 (2) Index a record that provides a name of a debtor which was not
4546 previously provided in the financing statement to which the record
4547 relates also according to the name that was not previously provided.

4548 (c) If a financing statement is filed as a fixture filing or covers as-
4549 extracted collateral or timber to be cut, it must be filed for record and
4550 the filing office shall index it:

4551 (1) In the grantor index under the names of the debtor and of each
4552 owner of record shown on the financing statement as if they were the
4553 mortgagors under a mortgage of the real property described; and

4554 (2) In the grantee index under the name of the secured party as if the
4555 secured party were the mortgagee thereunder, or, if indexing is by
4556 description, as if the financing statement were a record of a mortgage

4557 of the real property described.

4558 (d) If a financing statement is filed as a fixture filing or covers as-
4559 extracted collateral or timber to be cut, the filing office shall index an
4560 assignment filed under subsection (a) of section 85 of this act or an
4561 amendment filed under subsection (b) of section 85 of this act:

4562 (1) In the grantor index under the name of the assignor as grantor;
4563 and

4564 (2) In the grantee index under the name of the assignee. The filing
4565 officer shall also enter upon the margin of the record of such initial
4566 financing statement a notation of the record of the subsequent
4567 assignment or amendment and of any continuation statement,
4568 termination statement or correction statement.

4569 (e) The filing office shall maintain a capability:

4570 (1) To retrieve a record by the name of the debtor and:

4571 (A) If the filing office is described in subdivision (1) of subsection (a)
4572 of section 42a-9-501 of the general statutes, as amended by this act, by
4573 the book and page number assigned to the initial financing statement
4574 to which the record relates; or

4575 (B) If the filing office is described in subdivision (2) of subsection (a)
4576 of section 42a-9-501 of the general statutes, as amended by this act, by
4577 the file number assigned to the initial financing statement to which the
4578 record relates; and

4579 (2) To associate and retrieve with one another an initial financing
4580 statement and each filed record relating to the initial financing
4581 statement.

4582 (f) The filing office may not remove a debtor's name from the index
4583 until one year after the effectiveness of a financing statement naming
4584 the debtor lapses under section 86 of this act with respect to all secured

4585 parties of record.

4586 (g) The filing office shall perform the acts required by subsections
4587 (a) to (d), inclusive, at the time and in the manner prescribed by filing-
4588 office regulation, but not later than five business days after the filing
4589 office receives the record in question.

4590 (h) Subsection (g) does not apply to a filing office described in
4591 subdivision (1) of subsection (a) of section 42a-9-501 of the general
4592 statutes, as amended by this act.

4593 Sec. 91. (NEW) (a) A filing office shall refuse to accept a record for
4594 filing for a reason set forth in subsection (b) of section 87 of this act and
4595 may refuse to accept a record for filing only for a reason set forth in
4596 subsection (b) of section 87 of this act.

4597 (b) If a filing office refuses to accept a record for filing, it shall
4598 communicate to the person that presented the record the fact of and
4599 reason for the refusal and the date and time the record would have
4600 been filed had the filing office accepted it. The communication must be
4601 made at the time and in the manner prescribed by filing-office
4602 regulation but, in the case of a filing office described in subdivision (2)
4603 of subsection (a) of section 42a-9-501 of the general statutes, as
4604 amended by this act, in no event more than five business days after the
4605 filing office receives the record.

4606 (c) A filed financing statement satisfying subsections (a) and (b) of
4607 section 42a-9-502 of the general statutes, as amended by this act, is
4608 effective, even if the filing office is required to refuse to accept it for
4609 filing under subsection (a). However, section 58 of this act applies to a
4610 filed financing statement providing information described in
4611 subdivision (5) of subsection (b) of section 87 of this act which is
4612 incorrect at the time the financing statement is filed.

4613 (d) If a record communicated to a filing office provides information
4614 that relates to more than one debtor, sections 42a-9-501 to 42a-9-507,

4615 inclusive, of the general statutes, as amended by this act, and sections
4616 79 to 97, inclusive, of this act, apply as to each debtor separately.

4617 Sec. 92. (NEW) A filing office that accepts written records may not
4618 refuse to accept a written initial financing statement, an amendment to
4619 a financing statement or other written record in a form and format
4620 prescribed by the Secretary of the State except for a reason set forth in
4621 subsection (b) of section 87 of this act.

4622 Sec. 93. (NEW) (a) The filing office shall maintain a record of the
4623 information provided in a filed financing statement for at least one
4624 year after the effectiveness of the financing statement has lapsed under
4625 section 86 of this act with respect to all secured parties of record. The
4626 record must be retrievable by using the name of the debtor and:

4627 (1) If the record was recorded in the filing office described in
4628 subdivision (1) of subsection (a) of section 42a-9-501 of the general
4629 statutes, as amended by this act, by using the book and page number
4630 assigned to the initial financing statement to which the record relates
4631 or the date and time that the record was recorded; or

4632 (2) If the record was filed in the filing office described in subdivision
4633 (2) of subsection (a) of section 42a-9-501 of the general statutes, as
4634 amended by this act, by using the file number assigned to the initial
4635 financing statement to which the record relates.

4636 (b) Except to the extent that a statute governing disposition of public
4637 records provides otherwise, the filing office immediately may destroy
4638 any written record evidencing a financing statement. However, if the
4639 filing office destroys a written record, it shall maintain another record
4640 of the financing statement which complies with subsection (a).

4641 Sec. 94. (NEW) (a) If a person that files a written record requests an
4642 acknowledgment of the filing, the filing office, in the case of a filing
4643 office described in subdivision (2) of subsection (a) of section 42a-9-501
4644 of the general statutes, as amended by this act, shall send to the person

4645 an acknowledgment of the filing of the record showing the number
4646 assigned to the record pursuant to subdivision (1) of subsection (a) of
4647 section 90 of this act and the date and time of the filing of the record
4648 and, in the case of a filing office described in subdivision (1) of
4649 subsection (a) of section 42a-9-501 of the general statutes, as amended
4650 by this act, shall send to the person an acknowledgment of the filing of
4651 the record showing the book and page number and the date and time
4652 of the filing of the record.

4653 (b) If a person files a record other than a written record, the filing
4654 office shall communicate to the person an acknowledgment that
4655 provides:

4656 (1) The information in the record;

4657 (2) In the case of a filing office described in subdivision (2) of
4658 subsection (a) of section 42a-9-501 of the general statutes, as amended
4659 by this act, the number assigned to the record pursuant to subdivision
4660 (1) of subsection (a) of section 90 of this act or, in the case of a filing
4661 office described in subdivision (1) of subsection (a) of section 42a-9-501
4662 of the general statutes, as amended by this act, the book and page
4663 number assigned to the record; and

4664 (3) The date and time of the filing of the record.

4665 (c) The filing office shall communicate or otherwise make available
4666 in a record the following information to any person that requests it:

4667 (1) Whether there is on file on a date and time specified by the filing
4668 office, but not a date earlier than six business days before the filing
4669 office receives the request, any financing statement that:

4670 (A) Designates a particular debtor;

4671 (B) Has not lapsed under section 86 of this act with respect to all
4672 secured parties of record; and

4673 (C) If the request so states, has lapsed under section 86 of this act
4674 and a record of which is maintained by the filing office under
4675 subsection (a) of section 93 of this act;

4676 (2) The date and time of filing of each financing statement; and

4677 (3) The information provided in each financing statement.

4678 (d) In complying with its duty under subsection (c), the filing office
4679 may communicate information in any medium. However, if requested,
4680 the filing office shall communicate information by issuing its written
4681 certificate.

4682 (e) The filing office described in subdivision (2) of subsection (a) of
4683 section 42a-9-501 of the general statutes, as amended by this act, shall
4684 perform the acts required by subsections (a) to (d), inclusive, at the
4685 time and in the manner prescribed by filing-office regulation, but not
4686 later than five business days after the filing office receives the request.

4687 (f) At least weekly, the Secretary of the State shall offer to sell or
4688 license to the public on a nonexclusive basis, in bulk, copies of all
4689 records filed in it under sections 42a-9-501 to 42a-9-507, inclusive, of
4690 the general statutes, as amended by this act, and sections 79 to 97,
4691 inclusive, of this act, in every medium from time to time available to
4692 the filing office described in subdivision (2) of subsection (a) of section
4693 42a-9-501 of the general statutes, as amended by this act.

4694 Sec. 95. (NEW) Delay by the filing office beyond a time limit
4695 prescribed by sections 42a-9-501 to 42a-9-507, inclusive, of the general
4696 statutes, as amended by this act, and sections 79 to 97, inclusive, of this
4697 act, is excused if:

4698 (1) The delay is caused by interruption of communication or
4699 computer facilities, war, emergency conditions, failure of equipment or
4700 other circumstances beyond control of the filing office; and

4701 (2) The filing office exercises reasonable diligence under the

4702 circumstances.

4703 Sec. 96. (NEW) (a) The Secretary of the State shall charge and collect
4704 the following uniform fees: (1) For filing and indexing an initial
4705 financing statement, a continuation statement, a termination statement,
4706 a separate written statement of assignment or an amendment, twenty-
4707 five dollars; (2) for filing and noting a statement of release, twenty-five
4708 dollars. No fee shall be charged (A) to the state when the initial
4709 financing statement, continuation statement, termination statement,
4710 statement of assignment, amendment or statement of release is filed by
4711 or at the request of the Attorney General or an assistant attorney
4712 general or by a duly authorized official of the state or any of its
4713 agencies, boards or commissions acting in an official capacity, or (B) to
4714 a municipality when the initial financing statement, continuation
4715 statement, termination statement, statement of assignment,
4716 amendment or statement of release is filed by a tax collector or other
4717 municipal officer of such municipality pursuant to the provisions of
4718 sections 12-195a to 12-195g, inclusive, of the general statutes, as
4719 amended by this act, or (C) for any filing accomplished solely by
4720 electronic means and without the physical submission of any
4721 document, instrument or paper, in accordance with a plan approved
4722 by the Secretary of the State.

4723 (b) The uniform fee for responding to a request for information from
4724 the filing office, including issuing a certificate showing whether there
4725 is on file, on the date and hour stated therein, any financing statement
4726 naming a particular debtor and any statement of assignment thereof
4727 and, if there is, giving the date and hour of filing such statement and
4728 the name and address of each secured party named therein, is twenty-
4729 five dollars. Upon request, the filing officer shall furnish a
4730 photographic or electronic copy of any filed financing statement,
4731 continuation statement, termination statement, statement of
4732 assignment or statement of release for a uniform fee of five dollars and,
4733 if such statement consists of more than three pages, an additional
4734 uniform fee of five dollars for the fourth page and each succeeding

4735 page. No fee shall be charged to the state when a certificate showing
4736 whether there is on file, on the date and hour stated therein, any
4737 presently effective financing statement naming a particular debtor and
4738 any assignment or amendment thereof, is requested by the Attorney
4739 General or an assistant attorney general or by an authorized official of
4740 the state or any of its agencies, boards or commissions acting in an
4741 official capacity, and no fee shall be charged to a municipality when
4742 such certificate is requested by the tax collector or other municipal
4743 officer of such municipality pursuant to the provisions of sections 12-
4744 195a to 12-195g, inclusive, of the general statutes, as amended by this
4745 act.

4746 (c) This section does not require a fee with respect to a record of a
4747 mortgage which is effective as a financing statement filed as a fixture
4748 filing or as a financing statement covering as-extracted collateral or
4749 timber to be cut under subsection (c) of section 42a-9-502 of the general
4750 statutes, as amended by this act. However, the recording and
4751 satisfaction fees that otherwise would be applicable to the record of the
4752 mortgage apply.

4753 Sec. 97. (NEW) The Secretary of the State shall adopt regulations in
4754 accordance with the provisions of chapter 54 of the general statutes to
4755 implement this article.

4756 Sec. 98. (NEW) (a) After default, a secured party has the rights
4757 provided in sections 98 to 125, inclusive, of this act and, except as
4758 otherwise provided in section 99 of this act, those provided by
4759 agreement of the parties. A secured party:

4760 (1) May reduce a claim to judgment, foreclose or otherwise enforce
4761 the claim, security interest or agricultural lien by any available judicial
4762 procedure; and

4763 (2) If the collateral is documents, may proceed either as to the
4764 documents or as to the goods they cover.

4765 (b) A secured party in possession of collateral or control of collateral
4766 under section 42a-9-104, 42a-9-105, 42a-9-106 or 42a-9-107 of the
4767 general statutes, as amended by this act, has the rights and duties
4768 provided in section 42a-9-207 of the general statutes, as amended by
4769 this act.

4770 (c) The rights under subsections (a) and (b) are cumulative and,
4771 except as may otherwise be prohibited under other law in a consumer
4772 transaction, may be exercised simultaneously.

4773 (d) Except as otherwise provided in subsection (g) and section 102 of
4774 this act, after default, a debtor and an obligor have the rights provided
4775 in sections 98 to 125, inclusive, of this act and by agreement of the
4776 parties.

4777 (e) If a secured party has reduced its claim to judgment, the lien of
4778 any levy that may be made upon the collateral by virtue of an
4779 execution based upon the judgment relates back to the earliest of:

4780 (1) The date of perfection of the security interest or agricultural lien
4781 in the collateral;

4782 (2) The date of filing a financing statement covering the collateral; or

4783 (3) Any date specified in a statute under which the agricultural lien
4784 was created.

4785 (f) A sale pursuant to an execution is a foreclosure of the security
4786 interest or agricultural lien by judicial procedure within the meaning of
4787 this section. A secured party may purchase at the sale and thereafter
4788 hold the collateral free of any other requirements of this article.

4789 (g) Except as otherwise provided in subsection (c) of section 104 of
4790 this act, sections 98 to 125, inclusive, of this act, impose no duties upon
4791 a secured party that is a consignor or is a buyer of accounts, chattel
4792 paper, payment intangibles or promissory notes.

4793 Sec. 99. (NEW) Except as otherwise provided in section 121 of this
4794 act, to the extent that they give rights to a debtor or obligor and impose
4795 duties on a secured party, the debtor or obligor may not waive or vary
4796 the rules stated in the following listed sections:

4797 (1) Subparagraph (C) of subdivision (4) of subsection (b) of section
4798 42a-9-207 of the general statutes, as amended by this act, which deals
4799 with use and operation of the collateral by the secured party;

4800 (2) Section 20 of this act, which deals with requests for an
4801 accounting and requests concerning a list of collateral and statement of
4802 account;

4803 (3) Subsection (c) of section 104 of this act, which deals with
4804 collection and enforcement of collateral;

4805 (4) Subsection (a) of section 105 of this act and subsection (c) of
4806 section 112 of this act to the extent that they deal with application or
4807 payment of noncash proceeds of collection, enforcement or disposition;

4808 (5) Subsection (a) of section 105 of this act and subsection (d) of
4809 section 112 of this act to the extent that they require accounting for or
4810 payment of surplus proceeds of collateral;

4811 (6) Section 106 of this act to the extent that it imposes upon a
4812 secured party that takes possession of collateral without judicial
4813 process the duty to do so without breach of the peace;

4814 (7) Subsection (b) of section 107 of this act and sections 108, 110 and
4815 111 of this act, which deal with disposition of collateral;

4816 (8) Subsection (f) of section 112 of this act, which deals with
4817 calculation of a deficiency or surplus when a disposition is made to the
4818 secured party, a person related to the secured party, or a secondary
4819 obligor;

4820 (9) Section 113 of this act, which deals with explanation of the

4821 calculation of a surplus or deficiency;

4822 (10) Sections 117, 118 and 119 of this act, which deal with acceptance
4823 of collateral in satisfaction of obligation;

4824 (11) Section 120 of this act, which deals with redemption of
4825 collateral;

4826 (12) Section 121 of this act, which deals with permissible waivers;
4827 and

4828 (13) Sections 122 and 123 of this act, which deal with the secured
4829 party's liability for failure to comply with this article.

4830 Sec. 100. (NEW) (a) The parties may determine by agreement the
4831 standards measuring the fulfillment of the rights of a debtor or obligor
4832 and the duties of a secured party under a rule stated in section 99 of
4833 this act if the standards are not manifestly unreasonable or, in the case
4834 of a consumer transaction, if the standards are not unreasonable.

4835 (b) Subsection (a) does not apply to the duty under section 106 of
4836 this act to refrain from breaching the peace.

4837 Sec. 101. (NEW) (a) If a security agreement covers both personal and
4838 real property, a secured party may proceed:

4839 (1) Under sections 98 to 125, inclusive, of this act, as to the personal
4840 property without prejudicing any rights with respect to the real
4841 property; or

4842 (2) As to both the personal property and the real property in
4843 accordance with the rights with respect to the real property, in which
4844 case the other provisions of sections 98 to 125, inclusive, of this act, do
4845 not apply.

4846 (b) Subject to subsection (c), if a security agreement covers goods
4847 that are or become fixtures, a secured party may proceed:

4848 (1) Under sections 98 to 125, inclusive, of this act, or

4849 (2) In accordance with the rights with respect to real property, in
4850 which case the other provisions of sections 98 to 125, inclusive, of this
4851 act, do not apply.

4852 (c) Subject to the other provisions of sections 98 to 125, inclusive, of
4853 this act, if a secured party holding a security interest in fixtures has
4854 priority over all owners and encumbrancers of the real property, the
4855 secured party, after default, may remove the collateral from the real
4856 property.

4857 (d) A secured party that removes collateral shall promptly
4858 reimburse any encumbrancer or owner of the real property for the cost
4859 of repair of any physical injury caused by the removal. The secured
4860 party need not reimburse the encumbrancer or owner for any
4861 diminution in value of the real property caused by the absence of the
4862 goods removed or by any necessity of replacing them. A person
4863 entitled to reimbursement, other than the debtor, may refuse
4864 permission to remove until the secured party gives adequate assurance
4865 for the performance of the obligation to reimburse.

4866 Sec. 102. (NEW) (a) A secured party does not owe a duty based on
4867 its status as secured party:

4868 (1) To a person that is a debtor or obligor, unless the secured party
4869 knows:

4870 (A) That the person is a debtor or obligor;

4871 (B) The identity of the person; and

4872 (C) How to communicate with the person; or

4873 (2) To a secured party or lienholder that has filed a financing
4874 statement against a person, unless the secured party knows:

4875 (A) That the person is a debtor; and

4876 (B) The identity of the person.

4877 (b) What the secured party knows is to be determined in the light of
4878 the good faith obligations of the secured party.

4879 Sec. 103. (NEW) For purposes of sections 98 to 125, inclusive, of this
4880 act, a default occurs in connection with an agricultural lien at the time
4881 the secured party becomes entitled to enforce the lien in accordance
4882 with the statute under which it was created.

4883 Sec. 104. (NEW) (a) If so agreed, and in any event after default, a
4884 secured party:

4885 (1) May notify an account debtor or other person obligated on
4886 collateral to make payment or otherwise render performance to or for
4887 the benefit of the secured party;

4888 (2) May take any proceeds to which the secured party is entitled
4889 under section 42a-9-315 of the general statutes, as amended by this act;

4890 (3) May enforce the obligations of an account debtor or other person
4891 obligated on collateral and exercise the rights of the debtor with
4892 respect to the obligation of the account debtor or other person
4893 obligated on collateral to make payment or otherwise render
4894 performance to the debtor, and with respect to any property that
4895 secures the obligations of the account debtor or other person obligated
4896 on the collateral;

4897 (4) If it holds a security interest in a deposit account perfected by
4898 control under subdivision (1) of subsection (a) of section 42a-9-104 of
4899 the general statutes, as amended by this act, may apply the balance of
4900 the deposit account to the obligation secured by the deposit account;
4901 and

4902 (5) If it holds a security interest in a deposit account perfected by
4903 control under subdivision (2) or (3) of subsection (a) of section 42a-9-
4904 104 of the general statutes, as amended by this act, may instruct the

4905 bank to pay the balance of the deposit account to or for the benefit of
4906 the secured party.

4907 (b) If necessary to enable a secured party to exercise under
4908 subdivision (3) of subsection (a) of this section the right, if any, of a
4909 debtor to enforce a mortgage nonjudicially, the secured party may
4910 record in the office in which a record of the mortgage is recorded:

4911 (1) A copy of the security agreement that creates or provides for a
4912 security interest in the obligation secured by the mortgage; and

4913 (2) The secured party's sworn affidavit in recordable form stating
4914 that:

4915 (A) A default has occurred; and

4916 (B) The secured party is entitled to enforce the mortgage
4917 nonjudicially.

4918 (c) A secured party shall proceed in a commercially reasonable
4919 manner if the secured party:

4920 (1) Undertakes to collect from or enforce an obligation of an account
4921 debtor or other person obligated on collateral; and

4922 (2) Is entitled to charge back uncollected collateral or otherwise to
4923 full or limited recourse against the debtor or a secondary obligor.

4924 (d) A secured party may deduct from the collections made pursuant
4925 to subsection (c) reasonable expenses of collection and enforcement,
4926 including reasonable attorney's fees and legal expenses incurred by the
4927 secured party.

4928 (e) This section does not determine whether an account debtor, bank
4929 or other person obligated on collateral owes a duty to a secured party.

4930 Sec. 105. (NEW) (a) If a security interest or agricultural lien secures
4931 payment or performance of an obligation, the following rules apply:

4932 (1) A secured party shall apply or pay over for application the cash
4933 proceeds of collection or enforcement under section 104 of this act in
4934 the following order to:

4935 (A) The reasonable expenses of collection and enforcement and, to
4936 the extent provided for by agreement and not prohibited by law,
4937 reasonable attorney's fees and legal expenses incurred by the secured
4938 party;

4939 (B) The satisfaction of obligations secured by the security interest or
4940 agricultural lien under which the collection or enforcement is made;
4941 and

4942 (C) The satisfaction of obligations secured by any subordinate
4943 security interest in or other lien on the collateral subject to the security
4944 interest or agricultural lien under which the collection or enforcement
4945 is made if the secured party receives an authenticated demand for
4946 proceeds before distribution of the proceeds is completed.

4947 (2) If requested by a secured party, a holder of a subordinate
4948 security interest or other lien shall furnish reasonable proof of the
4949 interest or lien within a reasonable time. Unless the holder complies,
4950 the secured party need not comply with the holder's demand under
4951 subparagraph (C) of subdivision (1) of this subsection.

4952 (3) A secured party need not apply or pay over for application
4953 noncash proceeds of collection and enforcement under section 104 of
4954 this act unless the failure to do so would be commercially
4955 unreasonable. A secured party that applies or pays over for application
4956 noncash proceeds shall do so in a commercially reasonable manner.

4957 (4) A secured party shall account to and pay a debtor for any
4958 surplus, and the obligor is liable for any deficiency.

4959 (b) If the underlying transaction is a sale of accounts, chattel paper,
4960 payment intangibles or promissory notes, the debtor is not entitled to
4961 any surplus, and the obligor is not liable for any deficiency.

4962 Sec. 106. (NEW) (a) After default, a secured party:

4963 (1) May take possession of the collateral;

4964 (2) Without removal, may render equipment unusable and dispose
4965 of collateral on a debtor's premises under section 107 of this act.

4966 (b) A secured party may proceed under subsection (a):

4967 (1) Pursuant to judicial process; or

4968 (2) Without judicial process, if it proceeds without breach of the
4969 peace.

4970 (c) If so agreed, and in any event after default, a secured party may
4971 require the debtor to assemble the collateral and make it available to
4972 the secured party at a place to be designated by the secured party
4973 which is reasonably convenient to both parties.

4974 (d) (1) In this subsection, "electronic self-help" means the use of
4975 electronic means to exercise a secured party's rights pursuant to
4976 sections 98 to 125, inclusive, of this act, with respect to the security
4977 agreement, and "electronic" means relating to technology that has
4978 electrical, digital, magnetic or wireless optical electromagnetic
4979 properties or similar capabilities.

4980 (2) Electronic self-help is permitted only if the debtor separately
4981 agrees to a term of the security agreement authorizing electronic self-
4982 help that requires notice of exercise as provided in subdivision (3) of
4983 this subsection.

4984 (3) Before resorting to electronic self-help authorized by a term of
4985 the security agreement, the secured party shall give notice to the
4986 debtor stating:

4987 (i) That the secured party intends to resort to electronic self-help as a
4988 remedy on or after fifteen days following communication of the notice
4989 to the debtor;

4990 (ii) The nature of the claimed breach which entitled the secured
4991 party to resort to self-help; and

4992 (iii) The name, title, address and telephone number of a person
4993 representing the secured party with whom the debtor may
4994 communicate concerning the security interest.

4995 (4) A debtor may recover direct and incidental damages caused by
4996 wrongful use of electronic self-help. The debtor may also recover
4997 consequential damages for wrongful use of electronic self-help even if
4998 such damages are excluded by the terms of the security agreement.

4999 (5) Even if the secured party complies with subdivisions (2) and (3)
5000 of this subsection, electronic self-help may not be used if the secured
5001 party has reason to know that its use will result in substantial injury or
5002 harm to the public health or safety or grave harm to the public interest
5003 substantially affecting third parties not involved in the dispute.

5004 Sec. 107. (NEW) (a) After default, a secured party may sell, lease,
5005 license or otherwise dispose of any or all of the collateral in its present
5006 condition or following any commercially reasonable preparation or
5007 processing.

5008 (b) Every aspect of a disposition of collateral, including the method,
5009 manner, time, place and other terms, must be commercially reasonable.
5010 If commercially reasonable, a secured party may dispose of collateral
5011 by public or private proceedings, by one or more contracts, as a unit or
5012 in parcels, and at any time and place and on any terms.

5013 (c) A secured party may purchase collateral:

5014 (1) At a public disposition; or

5015 (2) At a private disposition only if the collateral is of a kind that is
5016 customarily sold on a recognized market or the subject of widely
5017 distributed standard price quotations.

5018 (d) A contract for sale, lease, license or other disposition includes the
5019 warranties relating to title, possession, quiet enjoyment and the like
5020 which by operation of law accompany a voluntary disposition of
5021 property of the kind subject to the contract.

5022 (e) A secured party may disclaim or modify warranties under
5023 subsection (d):

5024 (1) In a manner that would be effective to disclaim or modify the
5025 warranties in a voluntary disposition of property of the kind subject to
5026 the contract of disposition; or

5027 (2) By communicating to the purchaser a record evidencing the
5028 contract for disposition and including an express disclaimer or
5029 modification of the warranties.

5030 (f) A record is sufficient to disclaim warranties under subsection (e)
5031 if it indicates "There is no warranty relating to title, possession, quiet
5032 enjoyment or the like in this disposition" or uses words of similar
5033 import.

5034 Sec. 108. (NEW) (a) In this section, "notification date" means the
5035 earlier of the date on which:

5036 (1) A secured party sends to the debtor and any secondary obligor
5037 an authenticated notification of disposition; or

5038 (2) The debtor and any secondary obligor waive the right to
5039 notification.

5040 (b) Except as otherwise provided in subsection (d), a secured party
5041 that disposes of collateral under section 107 of this act shall send to the
5042 persons specified in subsection (c) a reasonable authenticated
5043 notification of disposition.

5044 (c) To comply with subsection (b), the secured party shall send an
5045 authenticated notification of disposition to:

- 5046 (1) The debtor;
- 5047 (2) Any secondary obligor; and
- 5048 (3) If the collateral is other than consumer goods:
- 5049 (A) Any other person from which the secured party has received,
5050 before the notification date, an authenticated notification of a claim of
5051 an interest in the collateral;
- 5052 (B) Any other secured party or lienholder that, ten days before the
5053 notification date, held a security interest in or other lien on the
5054 collateral perfected by the filing of a financing statement that:
- 5055 (i) Identified the collateral;
- 5056 (ii) Was indexed under the debtor's name as of that date; and
- 5057 (iii) Was filed in the office in which to file a financing statement
5058 against the debtor covering the collateral as of that date; and
- 5059 (C) Any other secured party that, ten days before the notification
5060 date, held a security interest in the collateral perfected by compliance
5061 with a statute, regulation or treaty described in subsection (a) of
5062 section 42a-9-311 of the general statutes, as amended by this act.
- 5063 (d) Subsection (b) does not apply if the collateral is perishable or
5064 threatens to decline speedily in value or is of a type customarily sold
5065 on a recognized market.
- 5066 (e) A secured party complies with the requirement for notification
5067 prescribed by subparagraph (B) of subdivision (3) of subsection (c) of
5068 this section if:
- 5069 (1) Not later than twenty days or earlier than thirty days before the
5070 notification date, the secured party requests, in a commercially
5071 reasonable manner, information concerning financing statements
5072 indexed under the debtor's name in the office indicated in

5073 subparagraph (B) of subdivision (3) of subsection (c) of this section;
5074 and

5075 (2) Before the notification date, the secured party:

5076 (A) Did not receive a response to the request for information; or

5077 (B) Received a response to the request for information and sent an
5078 authenticated notification of disposition to each secured party or other
5079 lienholder named in that response whose financing statement covered
5080 the collateral.

5081 Sec. 109. (NEW) (a) Except as otherwise provided in subsection (b),
5082 whether a notification is sent within a reasonable time is a question of
5083 fact.

5084 (b) In a transaction other than a consumer transaction, a notification
5085 of disposition sent after default and ten days or more before the
5086 earliest time of disposition set forth in the notification is sent within a
5087 reasonable time before the disposition.

5088 Sec. 110. (NEW) Except in a consumer-goods transaction, the
5089 following rules apply:

5090 (1) The contents of a notification of disposition are sufficient if the
5091 notification:

5092 (A) Describes the debtor and the secured party;

5093 (B) Describes the collateral that is the subject of the intended
5094 disposition;

5095 (C) States the method of intended disposition;

5096 (D) States that the debtor is entitled to an accounting of the unpaid
5097 indebtedness and states the charge, if any, for an accounting; and

5098 (E) States the time and place of a public disposition or the time after

5099 which any other disposition is to be made.

5100 (2) Whether the contents of a notification that lacks any of the
5101 information specified in subdivision (1) are nevertheless sufficient is a
5102 question of fact.

5103 (3) The contents of a notification providing substantially the
5104 information specified in subdivision (1) are sufficient, even if the
5105 notification includes:

5106 (A) Information not specified by that subdivision; or

5107 (B) Minor errors that are not seriously misleading.

5108 (4) A particular phrasing of the notification is not required.

5109 (5) The following form of notification and the form appearing in
5110 subdivision (3) of section 111 of this act, when completed, each
5111 provides sufficient information:

5112 **NOTIFICATION OF DISPOSITION OF COLLATERAL**

5113 To: (Name of debtor, obligor or other person to which the
5114 notification is sent)

5115 From: ... (Name, address and telephone number of secured party)

5116 Name of Debtor(s): (Include only if debtor(s) are not an
5117 addressee)

5118 (For a public disposition:)

5119 We will sell (or lease or license, as applicable) the (describe
5120 collateral) (to the highest qualified bidder) in public as follows:

5121 Day and Date:

5122 Time:

5123 Place:

5124 (For a private disposition:)

5125 We will sell (or lease or license, as applicable) the (describe
5126 collateral) privately sometime after (day and date).

5127 You are entitled to an accounting of the unpaid indebtedness
5128 secured by the property that we intend to sell (or lease or license, as
5129 applicable) (for a charge of \$) You may request an accounting by
5130 calling us at (telephone number).

5131 Sec. 111. (NEW) In a consumer-goods transaction, the following
5132 rules apply:

5133 (1) A notification of disposition must provide the following
5134 information:

5135 (A) The information specified in subdivision (1) of section 110 of this
5136 act;

5137 (B) A description of any liability for a deficiency of the person to
5138 which the notification is sent;

5139 (C) A telephone number from which the amount that must be paid
5140 to the secured party to redeem the collateral under section 120 of this
5141 act is available; and

5142 (D) A telephone number or mailing address from which additional
5143 information concerning the disposition and the obligation secured is
5144 available.

5145 (2) A particular phrasing of the notification is not required.

5146 (3) The following form of notification, when completed, provides
5147 sufficient information:

5148 (Name and address of secured party.)

5149 (Date)

5150 **NOTICE OF OUR PLAN TO SELL PROPERTY**

5151 (Name and address of any obligor who is also a debtor.)

5152 Subject: (Identification of transaction)

5153 We have your (describe collateral), because you broke promises
5154 in our agreement.

5155 (For a public disposition:)

5156 We will sell (describe collateral) at public sale. A sale could
5157 include a lease or license. The sale will be held as follows:

5158 Date:

5159 Time:

5160 Place:

5161 You may attend the sale and bring bidders if you want.

5162 (For a private disposition:)

5163 We will sell (describe collateral) at private sale sometime after
5164 (date). A sale could include a lease or license.

5165 The money that we get from the sale (after paying our costs) will
5166 reduce the amount you owe. If we get less money than you owe, you
5167 (will or will not, as applicable) still owe us the difference. If we get
5168 more money than you owe, you will get the extra money, unless we
5169 must pay it to someone else.

5170 You can get the property back at any time before we sell it by paying
5171 us the full amount you owe (not just the past due payments), including
5172 our expenses. To learn the exact amount you must pay, call us at
5173 (telephone number).

5174 If you want us to explain to you in writing how we have figured the
5175 amount that you owe us, you may call us at (telephone number) or
5176 write us at (secured party's address) and request a written
5177 explanation. (We will charge you \$.... for the explanation if we sent
5178 you another written explanation of the amount you owe us within the
5179 last six months.)

5180 If you need more information about the sale call us at (telephone
5181 number) or write us at (secured party's address).

5182 We are sending this notice to the following other people who have
5183 an interest in (describe collateral) or who owe money under your
5184 agreement:

5185 (Names of all other debtors and obligors, if any.)

5186 (4) A notification in the form of subdivision (3) is sufficient, even if
5187 additional information appears at the end of the form.

5188 (5) A notification in the form of subdivision (3) is sufficient, even if it
5189 includes errors in information not required by subdivision (1), unless
5190 the error is misleading with respect to rights arising under this article.

5191 (6) If a notification under this section is not in the form of
5192 subdivision (3), law other than this article determines the effect of
5193 including information not required by subdivision (1).

5194 Sec. 112. (NEW) (a) A secured party shall apply or pay over for
5195 application the cash proceeds of disposition under section 107 of this
5196 act in the following order to:

5197 (1) The reasonable expenses of retaking, holding, preparing for
5198 disposition, processing and disposing, and, to the extent provided for
5199 by agreement and not prohibited by law, reasonable attorney's fees
5200 and legal expenses incurred by the secured party;

5201 (2) The satisfaction of obligations secured by the security interest or

5202 agricultural lien under which the disposition is made;

5203 (3) The satisfaction of obligations secured by any subordinate
5204 security interest in or other subordinate lien on the collateral if:

5205 (A) The secured party receives from the holder of the subordinate
5206 security interest or other lien an authenticated demand for proceeds
5207 before distribution of the proceeds is completed; and

5208 (B) In a case in which a consignor has an interest in the collateral,
5209 the subordinate security interest or other lien is senior to the interest of
5210 the consignor; and

5211 (4) A secured party that is a consignor of the collateral if the secured
5212 party receives from the consignor an authenticated demand for
5213 proceeds before distribution of the proceeds is completed.

5214 (b) If requested by a secured party, a holder of a subordinate
5215 security interest or other lien shall furnish reasonable proof of the
5216 interest or lien within a reasonable time. Unless the holder does so, the
5217 secured party need not comply with the holder's demand under
5218 subdivision (3) of subsection (a) of this section.

5219 (c) A secured party need not apply or pay over for application
5220 noncash proceeds of disposition under section 107 of this act unless the
5221 failure to do so would be commercially unreasonable. A secured party
5222 that applies or pays over for application noncash proceeds shall do so
5223 in a commercially reasonable manner.

5224 (d) If the security interest under which a disposition is made secures
5225 payment or performance of an obligation, after making the payments
5226 and applications required by subsection (a) and permitted by
5227 subsection (c):

5228 (1) Unless subdivision (4) of subsection (a) of this section requires
5229 the secured party to apply or pay over cash proceeds to a consignor,
5230 the secured party shall account to and pay a debtor for any surplus;

5231 and

5232 (2) The obligor is liable for any deficiency.

5233 (e) If the underlying transaction is a sale of accounts, chattel paper,
5234 payment intangibles or promissory notes:

5235 (1) The debtor is not entitled to any surplus; and

5236 (2) The obligor is not liable for any deficiency.

5237 (f) The surplus or deficiency following a disposition is calculated
5238 based on the amount of proceeds that would have been realized in a
5239 disposition complying with sections 98 to 125, inclusive, of this act, to a
5240 transferee other than the secured party, a person related to the secured
5241 party or a secondary obligor if:

5242 (1) The transferee in the disposition is the secured party, a person
5243 related to the secured party or a secondary obligor; and

5244 (2) The amount of proceeds of the disposition is significantly below
5245 the range of proceeds that a complying disposition to a person other
5246 than the secured party, a person related to the secured party or a
5247 secondary obligor would have brought.

5248 (g) A secured party that receives cash proceeds of a disposition in
5249 good faith and without knowledge that the receipt violates the rights
5250 of the holder of a security interest or other lien that is not subordinate
5251 to the security interest or agricultural lien under which the disposition
5252 is made:

5253 (1) Takes the cash proceeds free of the security interest or other lien;

5254 (2) Is not obligated to apply the proceeds of the disposition to the
5255 satisfaction of obligations secured by the security interest or other lien;
5256 and

5257 (3) Is not obligated to account to or pay the holder of the security

5258 interest or other lien for any surplus.

5259 Sec. 113. (NEW) (a) In this section:

5260 (1) "Explanation" means a writing that:

5261 (A) States the amount of the surplus or deficiency;

5262 (B) Provides an explanation in accordance with subsection (c) of
5263 how the secured party calculated the surplus or deficiency;

5264 (C) States, if applicable, that future debits, credits, charges,
5265 including additional credit service charges or interest, rebates and
5266 expenses may affect the amount of the surplus or deficiency; and

5267 (D) Provides a telephone number or mailing address from which
5268 additional information concerning the transaction is available.

5269 (2) "Request" means a record:

5270 (A) Authenticated by a debtor or consumer obligor;

5271 (B) Requesting that the recipient provide an explanation; and

5272 (C) Sent after disposition of the collateral under section 107 of this
5273 act.

5274 (b) In a consumer-goods transaction in which the debtor is entitled
5275 to a surplus or a consumer obligor is liable for a deficiency under
5276 section 112 of this act, the secured party shall:

5277 (1) Send an explanation to the debtor or consumer obligor, as
5278 applicable, after the disposition and:

5279 (A) Before or when the secured party accounts to the debtor and
5280 pays any surplus or first makes written demand on the consumer
5281 obligor after the disposition for payment of the deficiency; and

5282 (B) Within fourteen days after receipt of a request; or

5283 (2) In the case of a consumer obligor who is liable for a deficiency,
5284 within fourteen days after receipt of a request, send to the consumer
5285 obligor a record waiving the secured party's right to a deficiency.

5286 (c) To comply with subparagraph (B) of subdivision (1) of subsection
5287 (a) of this section, a writing must provide the following information in
5288 the following order:

5289 (1) The aggregate amount of obligations secured by the security
5290 interest under which the disposition was made, and, if the amount
5291 reflects a rebate of unearned interest or credit service charge, an
5292 indication of that fact, calculated as of a specified date:

5293 (A) If the secured party takes or receives possession of the collateral
5294 after default, not more than thirty-five days before the secured party
5295 takes or receives possession; or

5296 (B) If the secured party takes or receives possession of the collateral
5297 before default or does not take possession of the collateral, not more
5298 than thirty-five days before the disposition;

5299 (2) The amount of proceeds of the disposition;

5300 (3) The aggregate amount of the obligations after deducting the
5301 amount of proceeds;

5302 (4) The amount, in the aggregate or by type, and types of expenses,
5303 including expenses of retaking, holding, preparing for disposition,
5304 processing and disposing of the collateral, and attorney's fees secured
5305 by the collateral which are known to the secured party and relate to the
5306 current disposition;

5307 (5) The amount, in the aggregate or by type, and types of credits,
5308 including rebates of interest or credit service charges, to which the
5309 obligor is known to be entitled and which are not reflected in the
5310 amount in subdivision (1); and

5311 (6) The amount of the surplus or deficiency.

5312 (d) A particular phrasing of the explanation is not required. An
5313 explanation complying substantially with the requirements of
5314 subsection (a) is sufficient, even if it includes minor errors that are not
5315 seriously misleading.

5316 (e) A debtor or consumer obligor is entitled without charge to one
5317 response to a request under this section during any six-month period
5318 in which the secured party did not send to the debtor or consumer
5319 obligor an explanation pursuant to subdivision (1) of subsection (b) of
5320 this section. The secured party may require payment of a charge not
5321 exceeding twenty-five dollars for each additional response.

5322 Sec. 114. (NEW) (a) A secured party's disposition of collateral after
5323 default:

5324 (1) Transfers to a transferee for value all of the debtor's rights in the
5325 collateral;

5326 (2) Discharges the security interest under which the disposition is
5327 made; and

5328 (3) Discharges any subordinate security interest or other
5329 subordinate lien.

5330 (b) A transferee that acts in good faith takes free of the rights and
5331 interests described in subsection (a), even if the secured party fails to
5332 comply with this article or the requirements of any judicial proceeding.

5333 (c) If a transferee does not take free of the rights and interests
5334 described in subsection (a), the transferee takes the collateral subject to:

5335 (1) The debtor's rights in the collateral;

5336 (2) The security interest or agricultural lien under which the
5337 disposition is made; and

5338 (3) Any other security interest or other lien.

5339 Sec. 115. (NEW) (a) A secondary obligor acquires the rights and
5340 becomes obligated to perform the duties of the secured party after the
5341 secondary obligor:

5342 (1) Receives an assignment of a secured obligation from the secured
5343 party;

5344 (2) Receives a transfer of collateral from the secured party and
5345 agrees to accept the rights and assume the duties of the secured party;
5346 or

5347 (3) Is subrogated to the rights of a secured party with respect to
5348 collateral.

5349 (b) An assignment, transfer or subrogation described in subsection
5350 (a):

5351 (1) Is not a disposition of collateral under section 107 of this act; and

5352 (2) Relieves the secured party of further duties under this article.

5353 Sec. 116. (NEW) (a) In this section, "transfer statement" means a
5354 record authenticated by a secured party stating:

5355 (1) That the debtor has defaulted in connection with an obligation
5356 secured by specified collateral;

5357 (2) That the secured party has exercised its post-default remedies
5358 with respect to the collateral;

5359 (3) That, by reason of the exercise, a transferee has acquired the
5360 rights of the debtor in the collateral; and

5361 (4) The name and mailing address of the secured party, debtor and
5362 transferee.

5363 (b) A transfer statement entitles the transferee to the transfer of

5364 record of all rights of the debtor in the collateral specified in the
5365 statement in any official filing, recording, registration or certificate-of-
5366 title system covering the collateral. If a transfer statement is presented
5367 with the applicable fee and request form to the official or office
5368 responsible for maintaining the system, the official or office shall:

5369 (1) Accept the transfer statement;

5370 (2) Promptly amend its records to reflect the transfer; and

5371 (3) If applicable, issue a new appropriate certificate of title in the
5372 name of the transferee.

5373 (c) A transfer of the record or legal title to collateral to a secured
5374 party under subsection (b) or otherwise is not of itself a disposition of
5375 collateral under this article and does not of itself relieve the secured
5376 party of its duties under this article.

5377 Sec. 117. (NEW) (a) Except as otherwise provided in subsection (g), a
5378 secured party may accept collateral in full or partial satisfaction of the
5379 obligation it secures only if:

5380 (1) The debtor consents to the acceptance under subsection (c);

5381 (2) The secured party does not receive, within the time set forth in
5382 subsection (d), a notification of objection to the proposal authenticated
5383 by:

5384 (A) A person to which the secured party was required to send a
5385 proposal under section 118 of this act; or

5386 (B) Any other person, other than the debtor, holding an interest in
5387 the collateral subordinate to the security interest that is the subject of
5388 the proposal;

5389 (3) If the collateral is consumer goods, the collateral is not in the
5390 possession of the debtor when the debtor consents to the acceptance;
5391 and

5392 (4) Subsection (e) does not require the secured party to dispose of
5393 the collateral or the debtor waives the requirement pursuant to section
5394 121 of this act.

5395 (b) A purported or apparent acceptance of collateral under this
5396 section is ineffective unless:

5397 (1) The secured party consents to the acceptance in an authenticated
5398 record or sends a proposal to the debtor; and

5399 (2) The conditions of subsection (a) are met.

5400 (c) For purposes of this section:

5401 (1) A debtor consents to an acceptance of collateral in partial
5402 satisfaction of the obligation it secures only if the debtor agrees to the
5403 terms of the acceptance in a record authenticated after default; and

5404 (2) A debtor consents to an acceptance of collateral in full
5405 satisfaction of the obligation it secures only if the debtor agrees to the
5406 terms of the acceptance in a record authenticated after default or the
5407 secured party:

5408 (A) Sends to the debtor after default a proposal that is unconditional
5409 or subject only to a condition that collateral not in the possession of the
5410 secured party be preserved or maintained;

5411 (B) In the proposal, proposes to accept collateral in full satisfaction
5412 of the obligation it secures; and

5413 (C) Does not receive a notification of objection authenticated by the
5414 debtor within twenty days after the proposal is sent.

5415 (d) To be effective under subdivision (2) of subsection (a) of this
5416 section, a notification of objection must be received by the secured
5417 party:

5418 (1) In the case of a person to which the proposal was sent pursuant

5419 to section 118 of this act, within twenty days after notification was sent
5420 to that person; and

5421 (2) In other cases:

5422 (A) Within twenty days after the last notification was sent pursuant
5423 to section 118 of this act; or

5424 (B) If a notification was not sent, before the debtor consents to the
5425 acceptance under subsection (c).

5426 (e) A secured party that has taken possession of collateral shall
5427 dispose of the collateral pursuant to section 107 of this act within the
5428 time specified in subsection (f) if:

5429 (1) Sixty per cent of the cash price has been paid in the case of a
5430 purchase-money security interest in consumer goods; or

5431 (2) Sixty per cent of the principal amount of the obligation secured
5432 has been paid in the case of a non-purchase-money security interest in
5433 consumer goods.

5434 (f) To comply with subsection (e), the secured party shall dispose of
5435 the collateral:

5436 (1) Within ninety days after taking possession; or

5437 (2) Within any longer period to which the debtor and all secondary
5438 obligors have agreed in an agreement to that effect entered into and
5439 authenticated after default.

5440 (g) In a consumer transaction, a secured party may not accept
5441 collateral in partial satisfaction of the obligation it secures.

5442 (h) Nothing in subsection (b) shall prohibit a consumer in a
5443 consumer goods transaction from proving that the secured party has
5444 agreed to accept the collateral in full satisfaction of the obligation by
5445 means other than an authenticated record.

5446 Sec. 118. (NEW) (a) A secured party that desires to accept collateral
5447 in full or partial satisfaction of the obligation it secures shall send its
5448 proposal to:

5449 (1) Any person from which the secured party has received, before
5450 the debtor consented to the acceptance, an authenticated notification of
5451 a claim of an interest in the collateral;

5452 (2) Any other secured party or lienholder that, ten days before the
5453 debtor consented to the acceptance, held a security interest in or other
5454 lien on the collateral perfected by the filing of a financing statement
5455 that:

5456 (A) Identified the collateral;

5457 (B) Was indexed under the debtor's name as of that date; and

5458 (C) Was filed in the office or offices in which to file a financing
5459 statement against the debtor covering the collateral as of that date; and

5460 (3) Any other secured party that, ten days before the debtor
5461 consented to the acceptance, held a security interest in the collateral
5462 perfected by compliance with a statute, regulation or treaty described
5463 in subsection (a) of section 42a-9-311 of the general statutes, as
5464 amended by this act.

5465 (b) A secured party that desires to accept collateral in partial
5466 satisfaction of the obligation it secures shall send its proposal to any
5467 secondary obligor in addition to the persons described in subsection
5468 (a).

5469 Sec. 119. (NEW) (a) A secured party's acceptance of collateral in full
5470 or partial satisfaction of the obligation it secures:

5471 (1) Discharges the obligation to the extent consented to by the
5472 debtor;

5473 (2) Transfers to the secured party all of a debtor's rights in the

5474 collateral;

5475 (3) Discharges the security interest or agricultural lien that is the
5476 subject of the debtor's consent and any subordinate security interest or
5477 other subordinate lien; and

5478 (4) Terminates any other subordinate interest.

5479 (b) A subordinate interest is discharged or terminated under
5480 subsection (a), even if the secured party fails to comply with this
5481 article.

5482 Sec. 120. (NEW) (a) A debtor, any secondary obligor or any other
5483 secured party or lienholder may redeem collateral.

5484 (b) To redeem collateral, a person shall tender:

5485 (1) Fulfillment of all obligations secured by the collateral; and

5486 (2) The reasonable expenses and attorney's fees described in
5487 subdivision (1) of subsection (a) of section 112 of this act.

5488 (c) A redemption may occur at any time before a secured party:

5489 (1) Has collected collateral under section 104 of this act;

5490 (2) Has disposed of collateral or entered into a contract for its
5491 disposition under section 107 of this act; or

5492 (3) Has accepted collateral in full or partial satisfaction of the
5493 obligation it secures under section 119 of this act.

5494 Sec. 121. (NEW) (a) A debtor or secondary obligor may waive the
5495 right to notification of disposition of collateral under section 108 of this
5496 act only by an agreement to that effect entered into and authenticated
5497 after default.

5498 (b) A debtor may waive the right to require disposition of collateral
5499 under subsection (e) of section 117 of this act only by an agreement to

5500 that effect entered into and authenticated after default.

5501 (c) Except in a consumer-goods transaction, a debtor or secondary
5502 obligor may waive the right to redeem collateral under section 120 of
5503 this act only by an agreement to that effect entered into and
5504 authenticated after default.

5505 Sec. 122. (NEW) (a) If it is established that a secured party is not
5506 proceeding in accordance with this article, a court may order or
5507 restrain collection, enforcement or disposition of collateral on
5508 appropriate terms and conditions.

5509 (b) Subject to subsections (c), (d) and (f), a person is liable for
5510 damages in the amount of any loss caused by a failure to comply with
5511 this article. Loss caused by a failure to comply may include loss
5512 resulting from the debtor's inability to obtain, or increased costs of,
5513 alternative financing.

5514 (c) Except as otherwise provided in section 125 of this act:

5515 (1) A person that, at the time of the failure, was a debtor, was an
5516 obligor or held a security interest in or other lien on the collateral may
5517 recover damages under subsection (b) for its loss; and

5518 (2) If the collateral is consumer goods, a person that was a debtor or
5519 a secondary obligor at the time a secured party failed to comply with
5520 sections 98 to 125, inclusive, of this act, may recover for that failure in
5521 any event an amount not less than the credit service charge plus ten
5522 per cent of the principal amount of the obligation or the time-price
5523 differential plus ten per cent of the cash price.

5524 (d) A debtor whose deficiency is eliminated under section 123 of this
5525 act may recover damages for the loss of any surplus. However, a
5526 debtor or secondary obligor whose deficiency is eliminated or reduced
5527 under section 123 of this act may not otherwise recover under
5528 subsection (b) for noncompliance with the provisions of sections 98 to
5529 125, inclusive, of this act relating to collection, enforcement, disposition

5530 or acceptance.

5531 (e) In addition to any damages recoverable under subsection (b), the
5532 debtor, consumer obligor, or person named as a debtor in a filed
5533 record, as applicable, may recover five hundred dollars in each case
5534 from a person that:

5535 (1) Fails to comply with section 42a-9-208 of the general statutes, as
5536 amended by this act;

5537 (2) Fails to comply with section 42a-9-209 of the general statutes, as
5538 amended by this act;

5539 (3) Files a record that the person is not entitled to file under
5540 subsection (a) of section 80 of this act;

5541 (4) Fails to cause the secured party of record to file or send a
5542 termination statement as required by subsection (a) or (c) of section 84
5543 of this act;

5544 (5) Fails to comply with subdivision (1) of subsection (b) of section
5545 113 of this act and whose failure is part of a pattern, or consistent with
5546 a practice, of noncompliance; or

5547 (6) Fails to comply with subdivision (2) of subsection (b) of section
5548 113 of this act.

5549 (f) A debtor or consumer obligor may recover damages under
5550 subsection (b) and, in addition, five hundred dollars in each case from
5551 a person that, without reasonable cause, fails to comply with a request
5552 under section 20 of this act. A recipient of a request under section 20 of
5553 this act which never claimed an interest in the collateral or obligations
5554 that are the subject of a request under that section has a reasonable
5555 excuse for failure to comply with the request within the meaning of
5556 this subsection.

5557 (g) If a secured party fails to comply with a request regarding a list

5558 of collateral or a statement of account under section 20 of this act, the
5559 secured party may claim a security interest only as shown in the list or
5560 statement included in the request as against a person that is reasonably
5561 misled by the failure.

5562 Sec. 123. (NEW) (a) In an action arising from a transaction, other
5563 than a consumer transaction, in which the amount of a deficiency or
5564 surplus is in issue, the following rules apply:

5565 (1) A secured party need not prove compliance with the provisions
5566 of sections 98 to 125, inclusive, of this act, relating to collection,
5567 enforcement, disposition or acceptance unless the debtor or a
5568 secondary obligor places the secured party's compliance in issue.

5569 (2) If the secured party's compliance is placed in issue, the secured
5570 party has the burden of establishing that the collection, enforcement,
5571 disposition or acceptance was conducted in accordance with sections
5572 98 to 125, inclusive, of this act.

5573 (3) Except as otherwise provided in section 125 of this act, if a
5574 secured party fails to prove that the collection, enforcement,
5575 disposition or acceptance was conducted in accordance with the
5576 provisions of sections 98 to 125, inclusive, of this act, relating to
5577 collection, enforcement, disposition or acceptance, the liability of a
5578 debtor or a secondary obligor for a deficiency is limited to an amount
5579 by which the sum of the secured obligation, expenses and attorney's
5580 fees exceeds the greater of:

5581 (A) The proceeds of the collection, enforcement, disposition or
5582 acceptance; or

5583 (B) The amount of proceeds that would have been realized had the
5584 noncomplying secured party proceeded in accordance with the
5585 provisions of sections 98 to 125, inclusive, of this act, relating to
5586 collection, enforcement, disposition or acceptance.

5587 (4) For purposes of subparagraph (B) of subdivision (3) of this

5588 subsection, the amount of proceeds that would have been realized is
5589 equal to the sum of the secured obligation, expenses and attorney's
5590 fees unless the secured party proves that the amount is less than that
5591 sum.

5592 (5) If a deficiency or surplus is calculated under subsection (f) of
5593 section 112 of this act, the debtor or obligor has the burden of
5594 establishing that the amount of proceeds of the disposition is
5595 significantly below the range of prices that a complying disposition to
5596 a person other than the secured party, a person related to the secured
5597 party or a secondary obligor would have brought.

5598 (b) The limitation of the rules in subsection (a) to transactions other
5599 than consumer transactions is intended to leave to the court the
5600 determination of the proper rules in consumer transactions. The court
5601 may not infer from that limitation the nature of the proper rule in
5602 consumer transactions and may continue to apply established
5603 approaches. Notwithstanding subsection (b) of section 124 of this act,
5604 those approaches may apply principles of existing statutory and case
5605 law, including laws concerning the determination of a deficiency or
5606 surplus, that apply to analogous consumer transactions in similar
5607 goods under part XI of chapter 669 of the general statutes and under
5608 other law of this state.

5609 Sec. 124. (NEW) (a) The fact that a greater amount could have been
5610 obtained by a collection, enforcement, disposition or acceptance at a
5611 different time or in a different method from that selected by the
5612 secured party is not of itself sufficient to preclude the secured party
5613 from establishing that the collection, enforcement, disposition or
5614 acceptance was made in a commercially reasonable manner.

5615 (b) A disposition of collateral is made in a commercially reasonable
5616 manner if the disposition is made:

5617 (1) In the usual manner on any recognized market;

5618 (2) At the price current in any recognized market at the time of the
5619 disposition; or

5620 (3) Otherwise in conformity with reasonable commercial practices
5621 among dealers in the type of property that was the subject of the
5622 disposition.

5623 (c) A collection, enforcement, disposition or acceptance is
5624 commercially reasonable if it has been approved:

5625 (1) In a judicial proceeding;

5626 (2) By a bona fide creditors' committee;

5627 (3) By a representative of creditors; or

5628 (4) By an assignee for the benefit of creditors.

5629 (d) Approval under subsection (c) need not be obtained, and lack of
5630 approval does not mean that the collection, enforcement, disposition or
5631 acceptance is not commercially reasonable.

5632 (e) Notwithstanding the provisions of subsection (b), in a consumer
5633 transaction the determination of a deficiency or surplus is subject to
5634 the court determination of the proper rule that applies to a consumer
5635 transaction under subsection (b) of section 123 of this act.

5636 Sec. 125. (NEW) (a) Unless a secured party knows that a person is a
5637 debtor or obligor, knows the identity of the person and knows how to
5638 communicate with the person:

5639 (1) The secured party is not liable to the person, or to a secured
5640 party or lienholder that has filed a financing statement against the
5641 person, for failure to comply with this article; and

5642 (2) The secured party's failure to comply with this article does not
5643 affect the liability of the person for a deficiency.

5644 (b) A secured party is not liable because of its status as secured
5645 party:

5646 (1) To a person that is a debtor or obligor, unless the secured party
5647 knows:

5648 (A) That the person is a debtor or obligor;

5649 (B) The identity of the person; and

5650 (C) How to communicate with the person; or

5651 (2) To a secured party or lienholder that has filed a financing
5652 statement against a person, unless the secured party knows:

5653 (A) That the person is a debtor; and

5654 (B) The identity of the person.

5655 (c) A secured party is not liable to any person, and a person's
5656 liability for a deficiency is not affected, because of any act or omission
5657 arising out of the secured party's reasonable belief that a transaction is
5658 not a consumer-goods transaction or a consumer transaction or that
5659 goods are not consumer goods, if the secured party's belief is based on
5660 its reasonable reliance on:

5661 (1) A debtor's representation concerning the purpose for which
5662 collateral was to be used, acquired or held; or

5663 (2) An obligor's representation concerning the purpose for which a
5664 secured obligation was incurred.

5665 (d) A secured party is not liable under subdivision (2) of subsection
5666 (c) of section 122 of this act more than once with respect to any one
5667 secured obligation.

5668 Sec. 126. (NEW) (a) Except as otherwise provided in sections 126 to
5669 133, inclusive, of this act, this act applies to a transaction or lien within

5670 its scope, even if the transaction or lien was entered into or created
5671 before the effective date of this act.

5672 (b) Except as otherwise provided in subsection (c) and sections 127
5673 to 133, inclusive, of this act:

5674 (1) Transactions and liens that were not governed by sections 42a-9-
5675 101 to 42a-9-507, inclusive, of the general statutes, revision of 1958,
5676 revised to January 1, 2001, were validly entered into or created before
5677 the effective date of this act, and would be subject to this act if they had
5678 been entered into or created after the effective date of this act, and the
5679 rights, duties and interests flowing from those transactions and liens
5680 remain valid after the effective date of this act; and

5681 (2) The transactions and liens may be terminated, completed,
5682 consummated and enforced as required or permitted by this act or by
5683 the law that otherwise would apply if this act had not taken effect.

5684 (c) This act does not affect an action, case or proceeding commenced
5685 before the effective date of this act.

5686 Sec. 127. (NEW) (a) A security interest that is enforceable
5687 immediately before the effective date of this act and would have
5688 priority over the rights of a person that becomes a lien creditor at that
5689 time is a perfected security interest under this act if, on the effective
5690 date of this act, the applicable requirements for enforceability and
5691 perfection under this act are satisfied without further action.

5692 (b) Except as otherwise provided in section 129 of this act, if,
5693 immediately before the effective date of this act, a security interest is
5694 enforceable and would have priority over the rights of a person that
5695 becomes a lien creditor at that time, but the applicable requirements
5696 for enforceability or perfection under this act are not satisfied on the
5697 effective date of this act, the security interest:

5698 (1) Is a perfected security interest for one year after the effective date
5699 of this act;

5700 (2) Remains enforceable thereafter only if the security interest
5701 becomes enforceable under section 42a-9-203 of the general statutes, as
5702 amended by this act, before the year expires; and

5703 (3) Remains perfected thereafter only if the applicable requirements
5704 for perfection under this act are satisfied before the year expires.

5705 Sec. 128. (NEW) A security interest that is enforceable immediately
5706 before the effective date of this act but which would be subordinate to
5707 the rights of a person that becomes a lien creditor at that time:

5708 (1) Remains an enforceable security interest for one year after the
5709 effective date of this act;

5710 (2) Remains enforceable thereafter if the security interest becomes
5711 enforceable under section 42a-9-203 of the general statutes, as
5712 amended by this act, on the effective date of this act or within one year
5713 thereafter; and

5714 (3) Becomes perfected:

5715 (A) Without further action, on the effective date of this act if the
5716 applicable requirements for perfection under this act are satisfied
5717 before or at that time; or

5718 (B) When the applicable requirements for perfection are satisfied if
5719 the requirements are satisfied after that time.

5720 Sec. 129. (NEW) (a) If action, other than the filing of a financing
5721 statement, is taken before the effective date of this act and the action
5722 would have resulted in priority of a security interest over the rights of
5723 a person that becomes a lien creditor had the security interest become
5724 enforceable before the effective date of this act, the action is effective to
5725 perfect a security interest that attaches under this act within one year
5726 after the effective date of this act. An attached security interest
5727 becomes unperfected one year after the effective date of this act unless
5728 the security interest becomes a perfected security interest under this

5729 act before the expiration of that period.

5730 (b) The filing of a financing statement before the effective date of
5731 this act is effective to perfect a security interest to the extent the filing
5732 would satisfy the applicable requirements for perfection under this act.

5733 (c) This act does not render ineffective an effective financing
5734 statement that, before the effective date of this act, is filed and satisfies
5735 the applicable requirements for perfection under the law of the
5736 jurisdiction governing perfection as provided in section 42a-9-103a of
5737 the general statutes, revision of 1958, revised to January 1, 2001.
5738 However, except as otherwise provided in subsections (d) and (e) and
5739 section 130 of this act, the financing statement ceases to be effective at
5740 the earlier of:

5741 (1) The time the financing statement would have ceased to be
5742 effective under the law of the jurisdiction in which it is filed; or

5743 (2) June 30, 2006.

5744 (d) The filing of a continuation statement after the effective date of
5745 this act does not continue the effectiveness of the financing statement
5746 filed before the effective date of this act. However, upon the timely
5747 filing of a continuation statement after the effective date of this act and
5748 in accordance with the law of the jurisdiction governing perfection as
5749 provided in sections 42a-9-301 to 42a-9-318, inclusive, of the general
5750 statutes, as amended by this act, and sections 39 to 62, inclusive, of this
5751 act, the effectiveness of a financing statement filed in the same office in
5752 that jurisdiction before the effective date of this act, continues for the
5753 period provided by the law of that jurisdiction.

5754 (e) Subdivision (2) of subsection (c) applies to a financing statement
5755 that, before the effective date of this act, is filed against a transmitting
5756 utility and satisfies the applicable requirements for perfection under
5757 the law of the jurisdiction governing perfection as provided in section
5758 42a-9-103a of the general statutes, revision of 1958, revised to January

5759 1, 2001, only to the extent that sections 42a-9-301 to 42a-9-318,
5760 inclusive, of the general statutes, as amended by this act, and sections
5761 39 to 62, inclusive, of this act, provides that the law of a jurisdiction
5762 other than the jurisdiction in which the financing statement is filed
5763 governs perfection of a security interest in collateral covered by the
5764 financing statement.

5765 (f) A financing statement that includes a financing statement filed
5766 before the effective date of this act and a continuation statement filed
5767 after the effective date of this act is effective only to the extent that it
5768 satisfies the requirements of sections 42a-9-501 to 42a-9-507, inclusive,
5769 of the general statutes, as amended by this act, and sections 79 to 97,
5770 inclusive, of this act, for an initial financing statement.

5771 Sec. 130. (NEW) (a) The filing of an initial financing statement in the
5772 office specified in section 42a-9-501 of the general statutes, as amended
5773 by this act, continues the effectiveness of a financing statement filed
5774 before the effective date of this act if:

5775 (1) The filing of an initial financing statement in that office would be
5776 effective to perfect a security interest under this act;

5777 (2) The pre-effective-date financing statement was filed in an office
5778 in another state or another office in this state; and

5779 (3) The initial financing statement satisfies subsection (c).

5780 (b) The filing of an initial financing statement under subsection (a)
5781 continues the effectiveness of the pre-effective-date financing
5782 statement:

5783 (1) If the initial financing statement is filed before the effective date
5784 of this act, for the period provided in section 42a-9-403 of the general
5785 statutes, revision of 1958, revised to January 1, 2001, with respect to a
5786 financing statement; and

5787 (2) If the initial financing statement is filed after the effective date of

5788 this act, for the period provided in section 86 of this act with respect to
5789 an initial financing statement.

5790 (c) To be effective for purposes of subsection (a), an initial financing
5791 statement must:

5792 (1) Satisfy the requirements of sections 42a-9-501 to 42a-9-507,
5793 inclusive, of the general statutes, as amended by this act, and sections
5794 79 to 97, inclusive, of this act for an initial financing statement;

5795 (2) Identify the pre-effective-date financing statement by indicating
5796 the office in which the financing statement was filed and providing the
5797 dates of filing and file numbers, if any, of the financing statement and
5798 of the most recent continuation statement filed with respect to the
5799 financing statement; and

5800 (3) Indicate that the pre-effective-date financing statement remains
5801 effective.

5802 Sec. 131. (NEW) (a) In this section, "pre-effective-date financing
5803 statement" means a financing statement filed before the effective date
5804 of this act.

5805 (b) After the effective date of this act, a person may add or delete
5806 collateral covered by, continue or terminate the effectiveness of, or
5807 otherwise amend the information provided in, a pre-effective-date
5808 financing statement only in accordance with the law of the jurisdiction
5809 governing perfection as provided in sections 42a-9-301 to 42a-9-318,
5810 inclusive, of the general statutes, as amended by this act, and sections
5811 39 to 62, inclusive, of this act. However, the effectiveness of a pre-
5812 effective-date financing statement also may be terminated in
5813 accordance with the law of the jurisdiction in which the financing
5814 statement is filed.

5815 (c) Except as otherwise provided in subsection (d), if the law of this
5816 state governs perfection of a security interest, the information in a pre-
5817 effective-date financing statement may be amended after the effective

5818 date of this act only if:

5819 (1) The pre-effective-date financing statement and an amendment
5820 are filed in the office specified in section 42a-9-501 of the general
5821 statutes, as amended by this act;

5822 (2) An amendment is filed in the office specified in section 42a-9-501
5823 of the general statutes, as amended by this act, concurrently with, or
5824 after the filing in that office of, an initial financing statement that
5825 satisfies subsection (c) of section 130 of this act; or

5826 (3) An initial financing statement that provides the information as
5827 amended and satisfies subsection (c) of section 130 of this act is filed in
5828 the office specified in section 42a-9-501 of the general statutes, as
5829 amended by this act.

5830 (d) If the law of this state governs perfection of a security interest,
5831 the effectiveness of a pre-effective-date financing statement may be
5832 continued only under subsections (d) and (f) of section 129 of this act
5833 or section 130 of this act.

5834 (e) Whether or not the law of this state governs perfection of a
5835 security interest, the effectiveness of a pre-effective-date financing
5836 statement filed in this state may be terminated after the effective date
5837 of this act by filing a termination statement in the office in which the
5838 pre-effective-date financing statement is filed, unless an initial
5839 financing statement that satisfies subsection (c) of section 130 of this act
5840 has been filed in the office specified by the law of the jurisdiction
5841 governing perfection as provided in sections 42a-9-301 to 42a-9-318,
5842 inclusive, of the general statutes, as amended by this act, and sections
5843 39 to 62, inclusive, of this act as the office in which to file a financing
5844 statement.

5845 Sec. 132. (NEW) A person may file an initial financing statement or a
5846 continuation statement under sections 126 to 133, inclusive, of this act
5847 if:

5848 (1) The secured party of record authorizes the filing; and

5849 (2) The filing is necessary under sections 126 to 133, inclusive, of this
5850 act:

5851 (A) To continue the effectiveness of a financing statement filed
5852 before the effective date of this act; or

5853 (B) To perfect or continue the perfection of a security interest.

5854 Sec. 133. (NEW) (a) This act determines the priority of conflicting
5855 claims to collateral. However, if the relative priorities of the claims
5856 were established before the effective date of this act, sections 42a-9-101
5857 to 42a-9-507, inclusive, of the general statutes, revision of 1958, revised
5858 to January 1, 2001, determine priority.

5859 (b) For purposes of subsection (a) of section 42 of this act, the
5860 priority of a security interest that becomes enforceable under section
5861 42a-9-203 of the general statutes, as amended by this act, dates from
5862 the effective date of this act if the security interest is perfected under
5863 this act by the filing of a financing statement before the effective date
5864 of this act which would not have been effective to perfect the security
5865 interest under sections 42a-9-101 to 42a-9-507, inclusive, of the general
5866 statutes, revision of 1958, revised to January 1, 2001. This subsection
5867 does not apply to conflicting security interests each of which is
5868 perfected by the filing of such a financing statement.

5869 Sec. 134. Section 42a-1-105 of the general statutes is repealed and the
5870 following is substituted in lieu thereof:

5871 (1) Except as provided hereafter in this section, when a transaction
5872 bears a reasonable relation to this state and also to another state or
5873 nation the parties may agree that the law either of this state or of such
5874 other state or nation shall govern their rights and duties. Failing such
5875 agreement this title applies to transactions bearing an appropriate
5876 relation to this state.

5877 (2) Where one of the following provisions of this title specifies the
5878 applicable law, that provision governs and a contrary agreement is
5879 effective only to the extent permitted by the law, including the conflict
5880 of laws rules, so specified:

5881 Rights of creditors against sold goods. Section 42a-2-402.

5882 Applicability of the article on bank deposits and collections. Section
5883 42a-4-102.

5884 Governing law in the article on funds transfers. Section 42a-4a-507.

5885 Letters of credit. Section 42a-5-116.

5886 Applicability of the article on investment securities. Section 42a-8-
5887 110.

5888 [Perfection provisions of the article on secured transactions. Section
5889 42a-9-103a.]

5890 Law governing perfection, the effect of perfection or nonperfection
5891 and the priority of security interests and agricultural liens. Sections
5892 42a-9-301 to 42a-9-307, inclusive, as amended by this act.

5893 Sec. 135. Subdivision (9) of section 42a-1-201 of the general statutes
5894 is repealed and the following is substituted in lieu thereof:

5895 (9) "Buyer in ordinary course of business" means a person [who]
5896 that buys goods in good faith, [and] without knowledge that the sale
5897 [to him is in violation of the ownership rights or security interest of a
5898 third party] violates the rights of another person in the goods, [buys]
5899 and in the ordinary course from a person, other than a pawnbroker, in
5900 the business of selling goods of that kind. [but does not include a
5901 pawnbroker. All persons who sell minerals or the like, including oil
5902 and gas, at wellhead or minehead shall be deemed to be persons] A
5903 person buys goods in the ordinary course if the sale to the person
5904 comports with the usual or customary practices in the kind of business

5905 in which the seller is engaged or with the seller's own usual or
 5906 customary practices. A person that sells oil, gas or other minerals at the
 5907 wellhead or minehead is a person in the business of selling goods of
 5908 that kind. ["Buying"] A buyer in the ordinary course of business may
 5909 [be] buy for cash, [or] by exchange of other property or on secured or
 5910 unsecured credit, and [includes receiving] may acquire goods or
 5911 documents of title under a preexisting contract for sale. [but does not
 5912 include a transfer in bulk or as security for or in total or partial
 5913 satisfaction of a money debt.] Only a buyer that takes possession of the
 5914 goods or has a right to recover the goods from the seller under article 2
 5915 may be a buyer in ordinary course of business. A person that acquires
 5916 goods in a transfer in bulk or as security for or in total or partial
 5917 satisfaction of a money debt is not a buyer in ordinary course of
 5918 business.

5919 Sec. 136. Subdivision (32) of section 42a-1-201 of the general statutes
 5920 is repealed and the following is substituted in lieu thereof:

5921 (32) "Purchase" includes taking by sale, discount, negotiation,
 5922 mortgage, pledge, lien, security interest, issue or reissue, gift or any
 5923 other voluntary transaction creating an interest in property.

5924 Sec. 137. Subdivision (37) of section 42a-1-201 of the general statutes
 5925 is repealed and the following is substituted in lieu thereof:

5926 (37) "Security interest" means an interest in personal property or
 5927 fixtures which secures payment or performance of an obligation. [The
 5928 retention or reservation of title by a seller of goods notwithstanding
 5929 shipment or delivery to the buyer is limited in effect to a reservation of
 5930 a "security interest".] The term also includes any interest of a consignor
 5931 and a buyer of accounts, [or] chattel paper, [which] a payment
 5932 intangible or a promissory note in a transaction that is subject to article
 5933 9. The special property interest of a buyer of goods on identification of
 5934 such goods to a contract for sale under section 42a-2-401 is not a
 5935 "security interest", but a buyer may also acquire a "security interest" by
 5936 complying with article 9. [Unless a lease or consignment is intended as

5937 security, reservation of title thereunder is not a "security interest" but a
5938 consignment is in any event subject to the provisions of section 42a-2-
5939 326 concerning consignment sales.] Whether a lease is intended as
5940 security is to be determined by the facts of each case; however, (a) the
5941 inclusion of an option to purchase does not of itself make the lease one
5942 intended for security, and (b) an agreement that upon compliance with
5943 the terms of the lease the lessee shall become or has the option to
5944 become the owner of the property for no additional consideration or
5945 for a nominal consideration does make the lease one intended for
5946 security. Except as otherwise provided in section 42a-5-505, the right of
5947 a seller or lessor of goods under article 2 to retain or acquire possession
5948 of the goods is not a "security interest", but a seller or lessor may also
5949 acquire a "security interest" by complying with article 9. The retention
5950 or reservation of title by a seller of goods notwithstanding shipment or
5951 delivery to the buyer, as provided by section 42a-2-401, is limited in
5952 effect to a reservation of a "security interest". For purposes of this
5953 section, "security interest" does not include a rent-to-own agreement,
5954 as defined in section 42-240.

5955 Sec. 138. Subdivision (3) of section 42a-2-103 of the general statutes
5956 is repealed and the following is substituted in lieu thereof:

5957 (3) The following definitions in other articles apply to this article:

5958 "Check". Section 42a-3-104.

5959 "Consignee". Section 42a-7-102.

5960 "Consignor". Section 42a-7-102.

5961 "Consumer goods". Section [42a-9-109] 42a-9-102, as amended by
5962 this act.

5963 "Dishonor". Section 42a-3-502.

5964 "Draft". Section 42a-3-104.

5965 Sec. 139. Section 42a-2-210 of the general statutes is repealed and the
5966 following is substituted in lieu thereof:

5967 (1) A party may perform his duty through a delegate unless
5968 otherwise agreed or unless the other party has a substantial interest in
5969 having his original promisor perform or control the acts required by
5970 the contract. No delegation of performance relieves the party
5971 delegating of any duty to perform or any liability for breach.

5972 (2) [(Unless] Except as otherwise provided in section 42a-9-406, as
5973 amended by this act, unless otherwise agreed, all rights of either seller
5974 or buyer can be assigned except where the assignment would
5975 materially change the duty of the other party, or increase materially
5976 the burden or risk imposed on him by his contract, or impair
5977 materially his chance of obtaining return performance. A right to
5978 damages for breach of the whole contract or a right arising out of the
5979 assignor's due performance of his entire obligation can be assigned
5980 despite agreement otherwise.

5981 (3) The creation, attachment, perfection or enforcement of a security
5982 interest in the seller's interest under a contract is not a transfer that
5983 materially changes the duty of or increases materially the burden or
5984 risk imposed on the buyer or impairs materially the buyer's chance of
5985 obtaining return performance within the purview of subsection (2)
5986 unless, and then only to the extent that, enforcement actually results in
5987 a delegation of material performance of the seller. Even in that event,
5988 the creation, attachment, perfection and enforcement of the security
5989 interest remain effective, but (i) the seller is liable to the buyer for
5990 damages caused by the delegation to the extent that the damages could
5991 not reasonably be prevented by the buyer, and (ii) a court having
5992 jurisdiction may grant other appropriate relief, including cancellation
5993 of the contract for sale or an injunction against enforcement of the
5994 security interest or consummation of the enforcement.

5995 [(3)] (4) Unless the circumstances indicate the contrary a prohibition
5996 of assignment of "the contract" is to be construed as barring only the

5997 delegation to the assignee of the assignor's performance.

5998 [(4)] (5) An assignment of "the contract" or of "all my rights under
5999 the contract" or an assignment in similar general terms is an
6000 assignment of rights and unless the language or the circumstances, as
6001 in an assignment for security, indicate the contrary, it is a delegation of
6002 performance of the duties of the assignor and its acceptance by the
6003 assignee constitutes a promise by him to perform those duties. This
6004 promise is enforceable by either the assignor or the other party to the
6005 original contract.

6006 [(5)] (6) The other party may treat any assignment which delegates
6007 performance as creating reasonable grounds for insecurity and may
6008 without prejudice to his rights against the assignor demand assurances
6009 from the assignee as provided by section 42a-2-609.

6010 Sec. 140. Section 42a-2-326 of the general statutes is repealed and the
6011 following is substituted in lieu thereof:

6012 (1) Unless otherwise agreed, if delivered goods may be returned by
6013 the buyer even though they conform to the contract, the transaction is
6014 (a) a "sale on approval" if the goods are delivered primarily for use,
6015 and (b) a "sale or return" if the goods are delivered primarily for resale.

6016 (2) [Except as provided in subsection (3), goods] Goods held on
6017 approval are not subject to the claims of the buyer's creditors until
6018 acceptance; goods held on sale or return are subject to such claims
6019 while in the buyer's possession.

6020 [(3) Where goods are delivered to a person for sale and such person
6021 maintains a place of business at which he deals in goods of the kind
6022 involved, under a name other than the name of the person making
6023 delivery, then with respect to claims of creditors of the person
6024 conducting the business the goods are deemed to be on sale or return.
6025 The provisions of this subsection are applicable even though an
6026 agreement purports to reserve title to the person making delivery until

6027 payment or resale or uses such words as "on consignment" or "on
6028 memorandum". However, this subsection is not applicable if the
6029 person making delivery (a) complies with an applicable law providing
6030 for a consignor's interest or the like to be evidenced by a sign, or (b)
6031 establishes that the person conducting the business is generally known
6032 by his creditors to be substantially engaged in selling the goods of
6033 others, or (c) complies with the filing provisions of article 9.]

6034 [(4)] (3) Any "or return" term of a contract for sale is to be treated as
6035 a separate contract for sale within section 42a-2-201 and as
6036 contradicting the sale aspect of the contract within the provisions of
6037 section 42a-2-202.

6038 Sec. 141. Section 42a-2-502 of the general statutes is repealed and the
6039 following is substituted in lieu thereof:

6040 (1) Subject to [subsection (2)] subsections (2) and (3) and even
6041 though the goods have not been shipped a buyer who has paid a part
6042 or all of the price of goods in which he has a special property under the
6043 provisions of the immediately preceding section may on making and
6044 keeping good a tender of any unpaid portion of their price recover
6045 them from the seller if: (a) In the case of goods bought for personal,
6046 family or household purposes, the seller repudiates or fails to deliver
6047 as required by the contract; or (b) in all cases, the seller becomes
6048 insolvent within ten days after receipt of the first installment on their
6049 price.

6050 (2) The buyer's right to recover the goods under subsection (1)(a)
6051 vests upon acquisition of a special property, even if the seller had not
6052 then repudiated or failed to deliver.

6053 [(2)] (3) If the identification creating his special property has been
6054 made by the buyer he acquires the right to recover the goods only if
6055 they conform to the contract for sale.

6056 Sec. 142. Section 42a-2-716 of the general statutes is repealed and the

6057 following is substituted in lieu thereof:

6058 (1) Specific performance may be decreed where the goods are
6059 unique or in other proper circumstances.

6060 (2) The decree for specific performance may include such terms and
6061 conditions as to payment of the price, damages, or other relief as the
6062 court may deem just.

6063 (3) The buyer has a right of replevin for goods identified to the
6064 contract if after reasonable effort he is unable to effect cover for such
6065 goods or the circumstances reasonably indicate that such effort will be
6066 unavailing or if the goods have been shipped under reservation and
6067 satisfaction of the security interest in them has been made or tendered.
6068 In the case of goods bought for personal, family or household
6069 purposes, the buyer's right of replevin vests upon acquisition of a
6070 special property, even if the seller had not then repudiated or failed to
6071 deliver.

6072 Sec. 143. Subsection (c) of section 42a-4-210 of the general statutes is
6073 repealed and the following is substituted in lieu thereof:

6074 (c) Receipt by a collecting bank of a final settlement for an item is a
6075 realization on its security interest in the item, accompanying
6076 documents, and proceeds. So long as the bank does not receive final
6077 settlement for the item or give up possession of the item or
6078 accompanying documents for purposes other than collection, the
6079 security interest continues to that extent and is subject to article 9, but:
6080 (1) No security agreement is necessary to make the security interest
6081 enforceable, as provided in subsection [(1) (a)] (b)(3)(A) of section 42a-
6082 9-203, as amended by this act; (2) no filing is required to perfect the
6083 security interest; and (3) the security interest has priority over
6084 conflicting perfected security interests in the item, accompanying
6085 documents or proceeds.

6086 Sec. 144. Section 42a-5-118 of the general statutes is repealed and the

6087 following is substituted in lieu thereof:

6088 [Public act 96-198 applies to a letter of credit that is issued on or
6089 after October 1, 1996. Public act 96-198 does not apply to a transaction,
6090 event, obligation or duty arising out of or associated with a letter of
6091 credit that was issued before October 1, 1996.]

6092 (a) An issuer or nominated person has a security interest in a
6093 document presented under a letter of credit to the extent that the issuer
6094 or nominated person honors or gives value for the presentation.

6095 (b) So long as and to the extent that an issuer or nominated person
6096 has not been reimbursed or has not otherwise recovered the value
6097 given with respect to a security interest in a document under
6098 subsection (a), the security interest continues and is subject to article 9,
6099 but:

6100 (1) A security agreement is not necessary to make the security
6101 interest enforceable under section 42a-9-203(b)(3), as amended by this
6102 act;

6103 (2) If the document is presented in a medium other than a written or
6104 other tangible medium, the security interest is perfected; and

6105 (3) If the document is presented in a written or other tangible
6106 medium and is not a certificated security, chattel paper, a document of
6107 title, an instrument or a letter of credit, the security interest is perfected
6108 and has priority over a conflicting security interest in the document so
6109 long as the debtor does not have possession of the document.

6110 Sec. 145. Subsection (1) of section 42a-7-503 of the general statutes is
6111 repealed and the following is substituted in lieu thereof:

6112 (1) A document of title confers no right in goods against a person
6113 who before issuance of the document had a legal interest or a perfected
6114 security interest in them and who neither (a) delivered or entrusted
6115 them or any document of title covering them to the bailor or his

6116 nominee with actual or apparent authority to ship, store or sell or with
6117 power to obtain delivery under section 42a-7-403 or with power of
6118 disposition under sections 42a-2-403 and [42a-9-307] 40 of this act or
6119 other statute or rule of law; nor (b) acquiesced in the procurement by
6120 the bailor or his nominee of any document of title.

6121 Sec. 146. Subsection (f) of section 42a-8-103 of the general statutes is
6122 repealed and the following is substituted in lieu thereof:

6123 (f) A commodity contract, as defined in section [42a-9-115] 42a-9-
6124 102(a)(15), as amended by this act, is not a security or a financial asset.

6125 Sec. 147. Section 42a-8-106 of the general statutes is repealed and the
6126 following is substituted in lieu thereof:

6127 (a) A purchaser has "control" of a certificated security in bearer
6128 form if the certificated security is delivered to the purchaser.

6129 (b) A purchaser has "control" of a certificated security in registered
6130 form if the certificated security is delivered to the purchaser, and:

6131 (1) The certificate is endorsed to the purchaser or in blank by an
6132 effective endorsement; or

6133 (2) The certificate is registered in the name of the purchaser, upon
6134 original issue or registration of transfer by the issuer.

6135 (c) A purchaser has "control" of an uncertificated security if:

6136 (1) The uncertificated security is delivered to the purchaser; or

6137 (2) The issuer has agreed that it will comply with instructions
6138 originated by the purchaser without further consent by the registered
6139 owner.

6140 (d) A purchaser has "control" of a security entitlement if:

6141 (1) The purchaser becomes the entitlement holder; [or]

6142 (2) The securities intermediary has agreed that it will comply with
6143 entitlement orders originated by the purchaser without further consent
6144 by the entitlement holder; or

6145 (3) Another person has control of the security entitlement on behalf
6146 of the purchaser or, having previously acquired control of the security
6147 entitlement, acknowledges that it has control on behalf of the
6148 purchaser.

6149 (e) If an interest in a security entitlement is granted by the
6150 entitlement holder to the entitlement holder's own securities
6151 intermediary, the securities intermediary has control.

6152 (f) A purchaser who has satisfied the requirements of subsection
6153 [(c)(2) or (d)(2)] (c) or (d) of this section has control, even if the
6154 registered owner in the case of subsection [(c)(2)] (c) of this section or
6155 the entitlement holder in the case of subsection [(d)(2)] (d) of this
6156 section retains the right to make substitutions for the uncertificated
6157 security or security entitlement, to originate instructions or entitlement
6158 orders to the issuer or securities intermediary, or otherwise to deal
6159 with the uncertificated security or security entitlement.

6160 (g) An issuer or a securities intermediary may not enter into an
6161 agreement of the kind described in subsection (c)(2) or (d)(2) of this
6162 section without the consent of the registered owner or entitlement
6163 holder, but an issuer or a securities intermediary is not required to
6164 enter into such an agreement even though the registered owner or
6165 entitlement holder so directs. An issuer or securities intermediary that
6166 has entered into such an agreement is not required to confirm the
6167 existence of the agreement to another party unless requested to do so
6168 by the registered owner or entitlement holder.

6169 Sec. 148. Subsection (e) of section 42a-8-110 of the general statutes is
6170 repealed and the following is substituted in lieu thereof:

6171 (e) The following rules determine a "securities intermediary's

6172 jurisdiction" for purposes of this section:

6173 (1) If an agreement between the securities intermediary and its
6174 entitlement holder [specifies that it is governed by the law of a
6175 particular jurisdiction] governing the securities account expressly
6176 provides that a particular jurisdiction is the securities intermediary's
6177 jurisdiction for purposes of this part, this article or article 9, that
6178 jurisdiction is the securities intermediary's jurisdiction.

6179 (2) If subdivision (1) of this subsection does not apply and an
6180 agreement between the securities intermediary and its entitlement
6181 holder governing the securities account expressly provides that the
6182 agreement is governed by the law of a particular jurisdiction, that
6183 jurisdiction is the securities intermediary's jurisdiction.

6184 [(2)] (3) If neither subdivision (1) nor subdivision (2) of this
6185 subsection applies and an agreement between the securities
6186 intermediary and its entitlement holder [does not specify the
6187 governing law as provided in subdivision (1) of this subsection, but
6188 expressly specifies] governing the securities account expressly
6189 provides that the securities account is maintained at an office in a
6190 particular jurisdiction, that jurisdiction is the securities intermediary's
6191 jurisdiction.

6192 [(3)] (4) If [an agreement between the securities intermediary and its
6193 entitlement holder does not specify a jurisdiction as provided in
6194 subdivision (1) or (2) of this subsection] none of the preceding
6195 subdivisions of this subsection applies, the securities intermediary's
6196 jurisdiction is the jurisdiction in which [is located] the office identified
6197 in an account statement as the office serving the entitlement holder's
6198 account is located.

6199 [(4)] (5) If [an agreement between the securities intermediary and its
6200 entitlement holder does not specify a jurisdiction as provided in
6201 subdivision (1) or (2) of this subsection and an account statement does
6202 not identify an office serving the entitlement holder's account as

6203 provided in subdivision (3) of this subsection] none of the preceding
6204 subdivisions of this subsection applies, the securities intermediary's
6205 jurisdiction is the jurisdiction in which [is located] the chief executive
6206 office of the securities intermediary is located.

6207 Sec. 149. Subsection (a) of section 42a-8-301 of the general statutes is
6208 repealed and the following is substituted in lieu thereof:

6209 (a) Delivery of a certificated security to a purchaser occurs when:

6210 (1) The purchaser acquires possession of the security certificate;

6211 (2) Another person, other than a securities intermediary, either
6212 acquires possession of the security certificate on behalf of the
6213 purchaser or, having previously acquired possession of the certificate,
6214 acknowledges that it holds for the purchaser; or

6215 (3) A securities intermediary acting on behalf of the purchaser
6216 acquires possession of the security certificate, only if the certificate is in
6217 registered form and [has been] is (i) registered in the name of the
6218 purchaser, (ii) payable to the order of the purchaser, or (iii) specially
6219 endorsed to the purchaser by an effective endorsement and has not
6220 been endorsed to the securities intermediary or in blank.

6221 Sec. 150. Subsection (a) of section 42a-8-302 of the general statutes is
6222 repealed and the following is substituted in lieu thereof:

6223 (a) Except as otherwise provided in subsections (b) and (c) of this
6224 section, [upon delivery] a purchaser of a certificated or uncertificated
6225 security [to a purchaser, the purchaser] acquires all rights in the
6226 security that the transferor had or had power to transfer.

6227 Sec. 151. Section 42a-8-510 of the general statutes is repealed and the
6228 following is substituted in lieu thereof:

6229 (a) [An] In a case not covered by the priority rules in article 9 or the
6230 rules stated in subsection (c) of this section, an action based on an

6231 adverse claim to a financial asset or security entitlement, whether
6232 framed in conversion, replevin, constructive trust, equitable lien or
6233 other theory, may not be asserted against a person who purchases a
6234 security entitlement, or an interest therein, from an entitlement holder
6235 if the purchaser gives value, does not have notice of the adverse claim
6236 and obtains control.

6237 (b) If an adverse claim could not have been asserted against an
6238 entitlement holder under section 42a-8-502, the adverse claim cannot
6239 be asserted against a person who purchases a security entitlement, or
6240 an interest therein, from the entitlement holder.

6241 (c) In a case not covered by the priority rules in article 9, a purchaser
6242 for value of a security entitlement, or an interest therein, who obtains
6243 control has priority over a purchaser of a security entitlement, or an
6244 interest therein, who does not obtain control. [Purchasers] Except as
6245 otherwise provided in subsection (d) of this section, purchasers who
6246 have control rank [equally, except that a] according to priority in time
6247 of:

6248 (1) The purchaser's becoming the person for whom the securities
6249 account, in which the security entitlement is carried, is maintained, if
6250 the purchaser obtained control under subsection (d)(1) of section 42a-8-
6251 106, as amended by this act;

6252 (2) The securities intermediary's agreement to comply with the
6253 purchaser's entitlement orders with respect to security entitlements
6254 carried or to be carried in the securities account in which the security
6255 entitlement is carried, if the purchaser obtained control under
6256 subsection (d)(2) of section 42a-8-106, as amended by this act; or

6257 (3) If the purchaser obtained control through another person under
6258 subsection (d)(3) of section 42a-8-106, as amended by this act, the time
6259 on which priority would be based under this subsection if the other
6260 person were the secured party.

6261 (d) A securities intermediary as purchaser has priority over a
6262 conflicting purchaser who has control unless otherwise agreed by the
6263 securities intermediary.

6264 Sec. 152. Section 1-1a of the general statutes is repealed and the
6265 following is substituted in lieu thereof:

6266 Unless the context of any statute requires a different interpretation,
6267 all words and terms appearing in any statute and relating to security in
6268 personal property shall be construed to mean their counterparts in
6269 subsection (37) of section 42a-1-201 and chapter 748. In particular
6270 "chattel mortgage", "conditional sale contract" or "lien" on personal
6271 property, except a lien of the type to which chapter 748 does not apply
6272 under [subsection (c) of section 42a-9-104] subdivision (2) of subsection
6273 (d) of section 42a-9-109, as amended by this act, shall be construed to
6274 mean "security interest"; "mortgagor" and "conditional vendee" shall be
6275 construed to mean "debtor"; "mortgagee" and "conditional vendor"
6276 shall be construed to mean "secured party".

6277 Sec. 153. Subsection (a) of section 10a-109h of the general statutes is
6278 repealed and the following is substituted in lieu thereof:

6279 (a) Any pledge made by the university pursuant to section 10a-109g
6280 is and shall be deemed a statutory lien [as provided in subsection (2) of
6281 section 42a-9-102] and, except as expressly provided in this section, is
6282 governed by article 9 of title 42a, as amended by this act. Such lien
6283 shall be valid and binding from the time when the pledge is made. The
6284 lien of any pledge shall be valid and binding as against all parties
6285 having claims of any kind in tort, contract or otherwise against the
6286 university, irrespective of whether the parties have notice of the
6287 claims. Notwithstanding any provision of the Uniform Commercial
6288 Code to the contrary, neither sections 10a-109a to 10a-109y, inclusive,
6289 the indenture or resolution, nor any other instrument by which a
6290 pledge is created need be recorded. Any revenues or other receipts,
6291 funds, moneys, personal property of fixtures so pledged and thereafter
6292 received by the university shall be subject immediately to the lien of

6293 the pledge without any physical delivery thereof or further act and
6294 such lien shall have priority over all other liens, including without
6295 limitation the liens of persons who, in the ordinary course of business,
6296 furnish services or materials in respect of such assets.

6297 Sec. 154. Section 10a-233 of the general statutes is repealed and the
6298 following is substituted in lieu thereof:

6299 The authority shall fix, revise, charge and collect fees and is
6300 empowered to contract with any person, partnership, association or
6301 corporation, or other body, public or private, in respect thereof. Each
6302 agreement entered into by the authority with a participating institution
6303 or institutions for higher education shall provide that the fees and
6304 other amounts payable by said institution or institutions with respect
6305 to any program or programs of the authority shall be sufficient at all
6306 times, (1) to pay its or their share of the administrative costs and
6307 expenses of such program, (2) to pay the principal of, the premium, if
6308 any, and the interest on outstanding bonds or notes of the authority
6309 issued with respect to such program to the extent that other revenues
6310 of the authority pledged for the payment of the bonds or notes are
6311 insufficient to pay the bonds or notes as they become due and payable,
6312 (3) to create and maintain reserves which may but need not be
6313 required or provided for in the bond resolution relating to such bonds
6314 or notes of the authority, and (4) to establish and maintain whatever
6315 education loan servicing, control, or audit procedures are deemed to
6316 be necessary to the operations of the authority. The authority shall
6317 pledge the revenues from each program, as described in subsection (b)
6318 of section 10a-230, as security for the issue of bonds or notes relating to
6319 such program. Such pledge shall be valid and binding from the time
6320 when the pledge is made; the revenues so pledged by the authority
6321 shall immediately be subject to the lien of such pledge without any
6322 physical delivery thereof or further act, and the lien of any such pledge
6323 shall be valid and binding against all parties having claims of any kind
6324 in tort, contract or otherwise against the authority or any participating
6325 institution for higher education, irrespective of whether such parties

6326 have notice thereof. Neither the bond resolution nor any financing
6327 statement, continuation statement or other instrument by which a
6328 pledge or security interest is created or by which the authority's
6329 interest in revenues is assigned need be filed in any public records in
6330 order to perfect the security interest or lien thereof as against third
6331 parties except in the records of the authority. The authority may elect,
6332 notwithstanding the exclusions provided in [subsection (d) of section
6333 42a-9-104] subdivision (14) of subsection (d) of section 42a-9-109, as
6334 amended by this act, to have the provisions of the Connecticut
6335 Uniform Commercial Code apply to any pledge made by or to the
6336 authority to secure its bonds or notes by filing a financing statement
6337 with respect to the security interest created by the pledge. The use and
6338 disposition of moneys to the credit of such sinking or other similar
6339 fund shall be subject to the provisions of the resolution authorizing the
6340 issuance of such bonds or notes or of such trust agreement. Except as
6341 may otherwise be provided in such resolution, or such trust
6342 agreement, such sinking or other similar fund shall be a fund for all
6343 such revenue bonds or notes issued to finance an educational program
6344 or programs at one or more participating institutions for higher
6345 education, without distinction or priority of one over another;
6346 provided, the authority in any such resolution or trust agreement may
6347 provide that such sinking or other similar fund shall be the fund for a
6348 particular educational program or programs at a participating
6349 institution or institutions for higher education and for the revenue
6350 bonds or notes issued to finance a particular education program or
6351 programs and may, additionally, permit and provide for the issuance
6352 of revenue bonds or notes having a subordinate lien in respect of the
6353 security herein authorized to other revenue bonds or notes of the
6354 authority and, in such case, the authority may create separate or other
6355 similar funds in respect of such subordinate lien bonds or notes.

6356 Sec. 155. Section 12-35a of the general statutes is repealed and the
6357 following is substituted in lieu thereof:

6358 (a) Whenever used in this section, unless the context otherwise

6359 requires: (1) "Goods" means goods as defined in [subsection (h) of
6360 subsection (1) of section 42a-9-105] subdivision (44) of subsection (a) of
6361 section 42a-9-102, as amended by this act; (2) "proceeds" means
6362 proceeds as defined in [subsection (1) of section 42a-9-306] subdivision
6363 (64) of subsection (a) of section 42a-9-102, as amended by this act; (3)
6364 "debtor" means the taxpayer; (4) "secured party" means the state of
6365 Connecticut; (5) "collateral" means property which is the subject of the
6366 tax lien; (6) "obligations" means amount of tax and accrued penalties
6367 and interest claimed to be due the state in relation to the tax lien; (7)
6368 "person" means any individual, trust, partnership, association,
6369 company, limited liability company or corporation; (8) "purchase
6370 money security interest" means purchase money security interest as
6371 defined in section [42a-9-107] 42a-9-103, as amended by this act; (9)
6372 "commercial transactions financing agreement" means an agreement
6373 entered into by a person in the course of his trade or business to make
6374 loans to the taxpayer, part or all of the security for repayment of any
6375 such loan being inventory acquired by the taxpayer in the ordinary
6376 course of trade or business; (10) "qualified property" when used with
6377 respect to a commercial transactions financing agreement, means
6378 inventory; (11) "obligatory disbursement agreement" means an
6379 agreement, entered into by a person in the course of trade or business,
6380 to make disbursements but such an agreement shall be considered
6381 within this term only to the extent of disbursements which are
6382 required to be made by reason of the intervention of the rights of a
6383 person other than the taxpayer; (12) "qualified property" when used
6384 with respect to obligatory disbursement agreement, means property
6385 subject to the lien imposed in accordance with this section, at the time
6386 of tax lien filing and, to the extent that the acquisition is directly
6387 traceable to the disbursements under an obligatory disbursement
6388 agreement, property acquired by the taxpayer after the time of tax lien
6389 filing; (13) "inventory" means inventory as defined in [subsection (4) of
6390 section 42a-9-109] subdivision (48) of subsection (a) of section 42a-9-
6391 102, as amended by this act; (14) "lien creditor" means lien creditor as
6392 that term is defined in [subsection (3) of section 42a-9-301] subdivision

6393 (52) of subsection (a) of section 42a-9-102, as amended by this act.

6394 (b) Upon failure of any person to pay any tax, except taxes under
6395 chapter 216, due the state within thirty days from its due date, or if
6396 before the due date of any tax, except taxes under said chapter 216, the
6397 Commissioner of Revenue Services believes that the collection of such
6398 tax will be jeopardized by delay, the state shall have a lien, upon
6399 perfection as hereinafter provided, upon the goods situated in this
6400 state and owned by the taxpayer upon the date of perfection, or upon
6401 the goods thereafter acquired by the taxpayer. Such lien shall attach
6402 and become perfected at the time when notice of such lien is filed
6403 pursuant to the filing provisions of part [4] 5 of article 9 of title 42a, as
6404 amended by this act, and sections 79 to 97, inclusive, of this act, except
6405 that the signature of the taxpayer against whose property the lien is
6406 claimed shall not be required on said notice of lien and, in each case,
6407 the lien shall be filed as if the debtor were located in this state. Except
6408 as hereinafter provided, upon perfection, such lien shall have priority
6409 over all subsequently perfected liens and security interests.

6410 (c) Each such notice of lien shall contain such information as will
6411 identify (1) the owner of the property upon which the lien is claimed,
6412 (2) the residence or business address of such owner, (3) the specific
6413 property claimed to be subject to such lien, (4) the location of such
6414 property, (5) the type of tax, (6) the amount of tax and accrued
6415 penalties and interest claimed to be due the state in relation to the lien
6416 and (7) the tax period or periods for which such lien is claimed.

6417 (d) The lien shall be effective for a period of ten years from the date
6418 of filing unless discharged as hereinafter provided.

6419 (e) A notice of tax lien having been filed, the state shall have the
6420 rights and remedies of a secured party, as provided in sections [42a-9-
6421 501 to 42a-9-507, inclusive,] 98 to 125, inclusive, of this act and the
6422 taxpayer against whom said lien has been filed shall have the rights
6423 and remedies of a debtor, as provided in [said sections 42a-9-501 to
6424 42a-9-507, inclusive] sections 98 to 125, inclusive, of this act. In

6425 proceeding to enforce such lien, the state shall observe the procedures
6426 applicable to a secured party under [said sections 42a-9-501 to 42a-9-
6427 507, inclusive] sections 98 to 125, inclusive, of this act.

6428 (f) Even though notice of tax lien has been filed, such lien shall not
6429 be valid with respect to: (1) A security interest which came into
6430 existence after tax lien filing but which (A) is in qualified property
6431 covered by the terms of a written agreement entered into before tax
6432 lien filing and constituting a commercial transactions financing
6433 agreement or an obligatory disbursement agreement and (B) is
6434 protected under the laws of this state against a judgment lien arising,
6435 as of the time of tax lien filing, out of an unsecured obligation; (2) a
6436 security interest which came into existence after tax lien filing by
6437 reason of disbursements made before the forty-sixth day after the date
6438 of tax lien filing, or before the person making such disbursements had
6439 actual notice or knowledge of tax lien filing, whichever is earlier, but
6440 only if such security interest (A) is in property subject at the time of tax
6441 lien filing, to the lien imposed by this section and covered by the terms
6442 of a written agreement entered into before tax lien filing and (B) is
6443 protected under the laws of this state against a judgment lien arising,
6444 as of the time of tax lien filing, out of an unsecured obligation; (3)
6445 tangible personal property purchased at retail, as against a purchaser
6446 in the ordinary course of the seller's trade or business, unless at the
6447 time of such purchase such purchaser intends such purchase to, or
6448 knows such purchase will, hinder, evade, or defeat the collection of
6449 any tax; or (4) a purchase money security interest, if said purchase
6450 money security interest would be prior to a conflicting security interest
6451 in the same collateral under section [42a-9-312] 44 of this act.

6452 (g) When the amount of tax, penalty or interest with respect to
6453 which a lien has been created under this section has been satisfied, the
6454 Commissioner of Revenue Services, upon request of any interested
6455 party, shall issue a certificate discharging such lien, which certificate
6456 shall be filed with the Uniform Commercial Code Division of the office
6457 of the Secretary of the State in the same manner as termination

6458 statements are filed under section [42a-9-404] 84 of this act.

6459 Sec. 156. Subdivision (70) of section 12-81 of the general statutes is
6460 repealed and the following is substituted in lieu thereof:

6461 (70) New machinery and equipment used directly in the
6462 manufacturing of goods or products and acquired through purchase
6463 by any business organization or any affiliate of such business
6464 organization as part of a technological upgrading of the manufacturing
6465 process at a location in a distressed municipality, targeted investment
6466 community, as defined in section 32-222, or enterprise zone designated
6467 pursuant to section 32-70, and for which an eligibility certificate has
6468 been issued by the Department of Economic and Community
6469 Development, which business organization (A) is engaged in the
6470 manufacturing, processing or assembling of raw materials, parts or
6471 manufactured products, (B) has been in continuous operation in the
6472 state for a period not less than five years prior to claiming the
6473 exemption provided in this subdivision, (C) had gross receipts in an
6474 amount less than twenty million dollars in the year prior to claiming
6475 the exemption provided in this subdivision, including receipts of any
6476 affiliates of the business organization, and (D) has incurred costs in
6477 acquiring such machinery and equipment not less than the greater of
6478 (i) two hundred thousand dollars, or (ii) two hundred per cent of the
6479 business organization's and affiliate's average expenditure for the
6480 acquisition of machinery and equipment used directly in the
6481 manufacturing of goods or products at the location in the distressed
6482 municipality, targeted investment community or enterprise zone
6483 designated pursuant to section 32-70 during the three years prior to
6484 claiming the exemption provided in this subdivision, as follows: To the
6485 extent of fifty per cent of its valuation for purposes of assessment in
6486 each of the five full assessment years following the assessment year in
6487 which such machinery and equipment is acquired. Any person who
6488 desires to claim the exemption provided in this subdivision shall file
6489 annually with the assessor or board of assessors in the distressed
6490 municipality, targeted investment community or enterprise zone

6491 designated pursuant to section 32-70 in which the business
6492 organization is located, on or before the first day of November, written
6493 application claiming such exemption on a form prescribed by the
6494 Secretary of the Office of Policy and Management. Failure to file such
6495 application in this manner and form within the time limit prescribed
6496 shall constitute a waiver of the right to such exemption for such
6497 assessment year, unless an extension of time is allowed pursuant to
6498 section 12-81k, and upon payment of the required fee for late filing. No
6499 person shall be eligible to receive the exemption provided in this
6500 subdivision if such exemption is sought for machinery and equipment
6501 located in a manufacturing facility as defined in subsection (d) of
6502 section 32-9p, currently receiving assistance under subdivisions (59)
6503 and (60) of section 12-81, and no person shall receive such exemption
6504 for eligible machinery or equipment at each location in a distressed
6505 municipality, targeted investment community or enterprise zone
6506 designated pursuant to section 32-70 more than once in any continuous
6507 five-year period. The state and the municipality and district shall hold
6508 a security interest, as defined in subdivision (37) of section 42a-1-201,
6509 as amended by this act, in any machinery or equipment which is
6510 exempt from taxation pursuant to this subsection, in an amount equal
6511 to the tax revenue reimbursed or lost, as the case may be, which shall
6512 be subordinate to any purchase money security interest, as defined in
6513 section [42a-9-107] 42a-9-103, as amended by this act. Such security
6514 interest shall be enforceable against the taxpayer for a period of five
6515 years after the last assessment year in which such exemption was
6516 received in any case in which the business organization ceases all
6517 business operations or moves its business operations entirely out of
6518 this state;

6519 Sec. 157. Subdivision (72) of section 12-81 of the general statutes is
6520 repealed and the following is substituted in lieu thereof:

6521 (72) (A) New machinery and equipment, as defined herein, acquired
6522 after October 1, 1990, and newly-acquired machinery and equipment,
6523 as defined herein, acquired on or after July 1, 1992, by the person

6524 claiming exemption under this subdivision, provided this exemption
6525 shall only be applicable in the five full assessment years following the
6526 assessment year in which such machinery or equipment is acquired,
6527 subject to the provisions of subparagraph (B) of this subdivision.
6528 Machinery and equipment acquired on or after July 1, 1996, and used
6529 in connection with biotechnology shall qualify for the exemption
6530 under this subsection. For the purposes of this subdivision: (i)
6531 "Machinery" and "equipment" mean tangible personal property which
6532 is installed in a manufacturing facility, either five-year property or
6533 seven-year property, as those terms are defined in Section 168(e) of the
6534 Internal Revenue Code of 1986, or any subsequent corresponding
6535 internal revenue code of the United States, as from time to time
6536 amended, and the predominant use of which is for manufacturing,
6537 processing or fabricating; for research and development, including
6538 experimental or laboratory research and development, design or
6539 engineering directly related to manufacturing; for the significant
6540 servicing, overhauling or rebuilding of machinery and equipment for
6541 industrial use or the significant overhauling or rebuilding of other
6542 products on a factory basis; for measuring or testing or for metal
6543 finishing; or used in the production of motion pictures, video and
6544 sound recordings. "Machinery" means the basic machine itself,
6545 including all of its component parts and contrivances such as belts,
6546 pulleys, shafts, moving parts, operating structures and all equipment
6547 or devices used or required to control, regulate or operate the
6548 machinery, including, without limitation, computers and data
6549 processing equipment, together with all replacement and repair parts
6550 therefor, whether purchased separately or in conjunction with a
6551 complete machine, and regardless of whether the machine or
6552 component parts thereof are assembled by the taxpayer or another
6553 party. "Equipment" means any device separate from machinery but
6554 essential to a manufacturing, processing or fabricating process. (ii)
6555 "Manufacturing facility" means that portion of a plant, building or
6556 other real property improvement used for manufacturing, processing
6557 or fabricating, for research and development, including experimental

6558 or laboratory research and development, design or engineering
 6559 directly related to manufacturing, for the significant servicing,
 6560 overhauling or rebuilding of machinery and equipment for industrial
 6561 use or the significant overhauling or rebuilding of other products on a
 6562 factory basis, for measuring or testing or for metal finishing. (iii)
 6563 "Manufacturing" means the activity of converting or conditioning
 6564 tangible personal property by changing the form, composition, quality
 6565 or character of the property for ultimate sale at retail or use in the
 6566 manufacturing of a product to be ultimately sold at retail. Changing
 6567 the quality of property shall include any substantial overhaul of the
 6568 property that results in a significantly greater service life than such
 6569 property would have had in the absence of such overhaul or with
 6570 significantly greater functionality within the original service life of the
 6571 property, beyond merely restoring the original functionality for the
 6572 balance of the original service life. (iv) "Fabricating" means to make,
 6573 build, create, produce or assemble components or tangible personal
 6574 property work in a new or different manner. (v) "Processing" means
 6575 the physical application of the materials and labor necessary to modify
 6576 or change the characteristics of tangible personal property. (vi)
 6577 "Measuring or testing" includes both nondestructive and destructive
 6578 measuring or testing, and the alignment and calibration of machinery,
 6579 equipment and tools, in the furtherance of the manufacturing,
 6580 processing or fabricating of tangible personal property. (vii)
 6581 "Biotechnology" means the application of technologies, including
 6582 recombinant DNA techniques, biochemistry, molecular and cellular
 6583 biology, genetics and genetic engineering, biological cell fusion
 6584 techniques, and new bioprocesses, using living organisms, or parts of
 6585 organisms, to produce or modify products, to improve plants or
 6586 animals, to develop microorganisms for specific uses, to identify
 6587 targets for small molecule pharmaceutical development, to transform
 6588 biological systems into useful processes and products or to develop
 6589 microorganisms for specific uses;

6590 (B) Any person who on October first in any year holds title to
 6591 machinery and equipment for which [he] such person desires to claim

6592 the exemption provided in this subdivision shall file with the assessor
6593 or board of assessors in the municipality in which the machinery or
6594 equipment is located, on or before the first day of November in such
6595 year, a list of such machinery or equipment together with written
6596 application claiming such exemption on a form prescribed by the
6597 Secretary of the Office of Policy and Management. Such application
6598 shall include the taxpayer identification number assigned to the
6599 claimant by the Commissioner of Revenue Services and the federal
6600 employer identification number assigned to the claimant by the
6601 Secretary of the Treasury. If title to such equipment is held by a person
6602 other than the person claiming the exemption, the claimant shall
6603 include on [his] the application information as to the portion of the
6604 total acquisition cost incurred by [him] the claimant, and on or before
6605 the first day of November in such year, the person holding title to such
6606 machinery and equipment shall file a list of such machinery with the
6607 assessor of the municipality in which the manufacturing facility of the
6608 claimant is located. Such person shall include on the list information as
6609 to the portion of the total acquisition cost incurred by [him] such
6610 person. Commercial or financial information in any application or list
6611 filed under this section shall not be open for public inspection,
6612 provided such information is given in confidence and is not available
6613 to the public from any other source. The provisions of this subdivision
6614 regarding the filing of lists and information shall not supersede the
6615 requirements to file tax lists under sections 12-42, 12-43, 12-57a and 12-
6616 59. In substantiation of such claim, the claimant and the person
6617 holding title to machinery and equipment for which exemption is
6618 claimed shall present to the assessor or board of assessors such
6619 supporting documentation as said secretary may require, including,
6620 but not limited to, invoices, bills of sale, contracts for lease and bills of
6621 lading. Failure to file such application in this manner and form within
6622 the time limit prescribed shall constitute a waiver of the right to such
6623 exemption for such assessment year, unless an extension of time is
6624 allowed pursuant to section 12-81k. If title to exempt machinery is
6625 conveyed subsequent to October first in any assessment year,

6626 entitlement to such exemption shall terminate for the next assessment
6627 year and there shall be no pro rata application of the exemption unless
6628 such machinery or equipment continues to be leased by the
6629 manufacturer who claimed and was approved for the exemption in the
6630 previous assessment year. Machinery or equipment shall not be
6631 eligible for exemption upon transfer to a business organization related
6632 to or affiliated with the seller or from a lessor to a lessee except to the
6633 extent it would have been eligible for exemption by the seller or the
6634 lessor, as the case may be;

6635 (C) Any person claiming the exemption provided under this
6636 subdivision for machinery or equipment shall not be eligible to claim
6637 the exemption provided under subdivision (60) of this section or
6638 subdivision (70) of this section for the same machinery or equipment.
6639 The state and the municipality and district shall hold a security
6640 interest, as defined in subdivision (37) of section 42a-1-201, as
6641 amended by this act, in any machinery or equipment which is exempt
6642 from taxation pursuant to this subdivision, in an amount equal to the
6643 tax revenue reimbursed or lost, as the case may be, which shall be
6644 subordinate to any purchase money security interest, as defined in
6645 section [42a-9-107] 42a-9-103, as amended by this act. Such security
6646 interest shall be enforceable against the claimant for a period of five
6647 years after the last assessment year in which such exemption was
6648 received in any case in which said manufacturer ceases all
6649 manufacturing operations or moves its manufacturing operations
6650 entirely out of this state. The following shall not be eligible for the
6651 exemption provided under this subdivision: (i) A public service
6652 company, as defined in section 16-1; and (ii) any provider, directly or
6653 indirectly, of electricity, oil, water or gas;

6654 (D) A claim for property tax exemption under this subdivision may
6655 be denied by the assessor or board of assessors of a town, consolidated
6656 town and city or consolidated town and borough, with the consent of
6657 the chief executive officer thereof, if the claimant is delinquent in a
6658 property tax payment to such town, consolidated town and city or

6659 consolidated town and borough, pursuant to section 12-146, for
6660 property owned by such claimant. Before any such claim is denied, the
6661 assessor or board of assessors shall send written notice to the claimant,
6662 stating that [he] the claimant may pay the amount of such delinquent
6663 tax or enter into an agreement with such town, consolidated town and
6664 city or consolidated town and borough for the payment thereof, by the
6665 date set forth in [said] such notice, provided, such date shall not be less
6666 than thirty days after the date of such notice. Failure on the part of the
6667 claimant to pay the amount of the delinquent tax or enter into an
6668 agreement to pay the amount thereof by said date shall result in a
6669 disallowance of the exemption being claimed.

6670 (E) The secretary, in [his] the secretary's discretion, may deny any
6671 claim for exemption under the provisions of this subdivision for new
6672 machinery and equipment by a claimant who is delinquent in the
6673 payment of corporation business tax imposed under chapter 208, as
6674 reported on the list provided by the Commissioner of Revenue
6675 Services pursuant to subsection (b) of section 12-7a and who qualified
6676 for exemption under this subdivision in the preceding year. On or
6677 before September first annually, commencing September 1, 1998, the
6678 secretary shall send a written notice to any claimant identified on said
6679 list and to the assessor of the town in which the property is subject to
6680 taxation, stating that the property tax exemption allowed by this
6681 subdivision for the assessment date following the date on which such
6682 notice is sent, shall be denied by the assessor of the town in which the
6683 property of the taxpayer is subject to taxation unless the taxpayer
6684 provides written documentation from the Department of Revenue
6685 Services that the delinquency has been cleared. Such written
6686 documentation shall substantiate that the delinquency was cleared on
6687 or before the statutory date for the filing of an application for
6688 exemption under this subdivision, provided, if a taxpayer receives an
6689 extension of the filing date pursuant to section 12-81k, the date by
6690 which [he] the taxpayer shall be required to clear such tax delinquency
6691 shall be extended for a like period of time. No assessor shall approve
6692 an application for the exemption under this subdivision that is not

6693 accompanied by the written documentation required from a claimant
6694 who was sent a notification by the secretary of the Office of Policy and
6695 Management.

6696 Sec. 158. Section 12-195a of the general statutes is repealed and the
6697 following is substituted in lieu thereof:

6698 As used in sections 12-195a to 12-195g, as amended by this act,
6699 inclusive, unless the context requires otherwise:

6700 (a) "Goods" means goods as defined in [subdivision (h) of
6701 subsection (1) of section 42a-9-105] subdivision (44) of subsection (a) of
6702 section 42a-9-102, as amended by this act;

6703 (b) "Proceeds" means proceeds as defined in [subdivision (1) of
6704 section 42a-9-306] subdivision (64) of subsection (a) of section 42a-9-
6705 102, as amended by this act;

6706 (c) "Debtor" means taxpayer;

6707 (d) "Secured party" means municipality;

6708 (e) "Collateral" means property which is the subject of the lien;

6709 (f) "Obligations" means amount of tax and accrued interest claimed
6710 to be due by the municipality by the lien;

6711 (g) "Default" means the date of filing of notice of a tax lien;

6712 (h) "Person" means any individual, trust, partnership, association,
6713 company, limited liability company or corporation;

6714 (i) "Purchase money security interest" means purchase money
6715 security interest as defined in section [42a-9-107] 42a-9-103, as
6716 amended by this act.

6717 Sec. 159. Section 12-195b of the general statutes is repealed and the
6718 following is substituted in lieu thereof:

6719 (a) If any personal property tax, other than a tax on a motor vehicle,
6720 due any municipality is not paid within the time limited by any local
6721 charter or ordinance, or in the event that the municipality, following
6722 the assessment date for such tax, has reason to believe that such tax
6723 will not be paid when due, the municipality shall have a lien, upon
6724 perfection as hereinafter provided, upon the goods situated in this
6725 state and owned by the taxpayer upon the date of perfection, or upon
6726 the goods thereafter acquired by the taxpayer. Such lien shall attach
6727 and become perfected at the time when notice of such lien is filed
6728 pursuant to the filing provisions of part [4] 5 of article 9 of title 42a, as
6729 amended by this act, and sections 79 to 97, inclusive, of this act, except
6730 that the signature of the taxpayer against whose property the lien is
6731 claimed shall not be required on said notice of lien and, in each case,
6732 the notice of lien shall be filed as if the debtor were located in this state.
6733 Except as hereinafter provided, upon perfection, such lien shall have
6734 priority over all subsequently perfected liens and security interests.
6735 Such lien shall not attach to or be applicable to proceeds.

6736 (b) On and after July 1, 1999, and except as otherwise provided by
6737 law, a notice of lien upon personal property for taxes payable to a
6738 municipality shall, once perfected under part [4] 5 of article 9 of title
6739 42a, as amended by this act, and sections 79 to 97, inclusive, of this act,
6740 have priority over all previously perfected liens and security interests
6741 and other encumbrances of record under the Connecticut Uniform
6742 Commercial Code. If more than one municipality perfects such a
6743 notice of lien on the same day, the priority of such liens shall be
6744 determined by the time of day such liens were perfected, and if
6745 perfected at the same time, the lien for the highest tax amount shall
6746 take precedence. As used in this section, "municipality" means any
6747 town, consolidated town and city, consolidated town and borough,
6748 borough, district, as defined in section 7-324, and any city not
6749 consolidated with a town.

6750 (c) The provisions of this section shall not be construed to create any
6751 implication related to the priority of a lien perfected on or before June

6752 30, 1999.

6753 Sec. 160. Section 12-195e of the general statutes is repealed and the
6754 following is substituted in lieu thereof:

6755 A municipality which has filed a notice of tax lien and the taxpayer
6756 against whom said lien has been filed, shall have the rights and
6757 remedies of a secured party and debtor, respectively, as provided for
6758 in sections [42a-9-501 to 42a-9-507, inclusive,] 98 to 125, inclusive, of
6759 this act, except that the municipality shall not have the right to propose
6760 to retain any property in satisfaction of the obligation as provided in
6761 section [42a-9-505] 117 of this act. In proceeding to enforce said lien,
6762 the municipality shall observe the procedures applicable to a secured
6763 party under [said sections 42a-9-501 to 42a-9-507, inclusive] sections 98
6764 to 125, inclusive, of this act.

6765 Sec. 161. Section 12-195f of the general statutes is repealed and the
6766 following is substituted in lieu thereof:

6767 Even though notice of a lien has been filed by a municipality, such
6768 lien shall not be valid:

6769 (1) With respect to a security interest which came into existence after
6770 tax lien filing but which (A) is in qualified property covered by the
6771 terms of a written agreement entered into before tax lien filing and
6772 constituting (i) a commercial transactions financing agreement, or (ii)
6773 an obligatory disbursement agreement, and (B) is protected under the
6774 laws of the state of Connecticut against a judgment lien arising, as of
6775 the time of tax lien filing, out of an unsecured obligation. (C) For
6776 purposes of this section, (i) the term "commercial transactions
6777 financing agreement" means an agreement, entered into by a person in
6778 the course of [his] such person's trade or business, to make loans to the
6779 taxpayer, part or all of the security for repayment of said loans being
6780 inventory acquired by the taxpayer in the ordinary course of [his] such
6781 taxpayer's trade or business, but such an agreement shall be treated as
6782 coming within the term only to the extent that such loan is made

6783 before the forty-sixth day after the date of tax lien filing or before the
 6784 lender had actual notice or knowledge of such tax lien filing,
 6785 whichever is earlier. (ii) The term "qualified property", when used with
 6786 respect to a commercial transactions financing agreement, means
 6787 inventory acquired by the taxpayer before the forty-sixth day after the
 6788 date of tax lien filing. (iii) The term "obligatory disbursement
 6789 agreement" means an agreement, entered into by a person in the
 6790 course of [his] such person's trade or business, to make disbursements,
 6791 but such an agreement shall be treated as coming within the term only
 6792 to the extent of disbursements which are required to be made by
 6793 reason of the intervention of the rights of a person other than the
 6794 taxpayer. (iv) The term "qualified property", when used with respect to
 6795 an obligatory disbursement agreement, means property subject to the
 6796 lien imposed by sections 12-195a to 12-195g, inclusive, as amended by
 6797 this act, at the time of tax lien filing and, to the extent that the
 6798 acquisition is directly traceable to the disbursements referred to in
 6799 subparagraph (iii), property acquired by the taxpayer after tax lien
 6800 filing. (v) The term "inventory" when used in this section means
 6801 inventory as defined in [subsection (4) of section 42a-9-109]
 6802 subdivision (48) of subsection (a) of section 42a-9-102, as amended by
 6803 this act;

6804 (2) With respect to a security interest which came into existence after
 6805 tax lien filing by reason of disbursements made before the forty-sixth
 6806 day after the date of tax lien filing, or before the person making such
 6807 disbursements had actual notice or knowledge of tax lien filing,
 6808 whichever is earlier, but only if such security interest (A) is in property
 6809 (i) subject, at the time of tax lien filing, to the lien imposed by sections
 6810 12-195a to 12-195g, inclusive, as amended by this act, and (ii) covered
 6811 by the terms of a written agreement entered into before tax lien filing,
 6812 and (B) is protected under the laws of the state of Connecticut against a
 6813 judgment lien arising, as of the time of tax lien filing, out of an
 6814 unsecured obligation;

6815 (3) With respect to tangible personal property purchased at retail, as

6816 against a purchaser in the ordinary course of the seller's trade or
6817 business, unless at the time of such purchase such purchaser intends
6818 such purchase to, or knows such purchase will, hinder, evade, or
6819 defeat the collection of any tax under said sections;

6820 (4) With respect to a purchase money security interest, if said
6821 purchase money security interest would be prior to a conflicting
6822 security interest in the same collateral under [section 42a-9-312]
6823 sections 42 and 44 of this act.

6824 Sec. 162. Section 12-195g of the general statutes is repealed and the
6825 following is substituted in lieu thereof:

6826 If any lien created under sections 12-195a to 12-195g, inclusive, as
6827 amended by this act, shall be discharged, then a certificate of discharge
6828 shall promptly be filed by the tax collector of the municipality which
6829 originally filed the notice of lien, or by [his] the tax collector's successor
6830 with the Uniform Commercial Code Division of the office of the
6831 Secretary of the State in the same manner as termination statements are
6832 filed under section [42a-9-404] 84 of this act. The municipal officer who
6833 has filed the notice of lien shall file a notice of discharge of the lien in
6834 the manner provided in this section if: A. The taxes for which the lien
6835 has been filed are fully paid together with all interest due thereon or;
6836 B. a cash bond or surety company bond is furnished to the
6837 municipality conditioned upon the payment of the amount liened
6838 together with interest due thereon within the effective period of the
6839 lien as hereinbefore provided or; C. a final judgment shall be rendered
6840 in favor of the taxpayer or others claiming an interest in the personal
6841 property liened determining that the tax is not owed, or that the lien is
6842 not valid. If the judgment shall determine that the tax is partially
6843 owed, then the officer who filed the notice of lien or [his] the officer's
6844 successor shall within ten days of the rendition of the final judgment of
6845 the court file an amended tax lien for the actual amount of tax found to
6846 be due by the court, which amended lien shall be effective as to the
6847 revised amount of the lien as of the date of the filing of the original

6848 notice of tax lien, and said officer or [his] said officer's successor at the
6849 time of the filing of the amended tax lien shall also file a discharge of
6850 the original tax lien.

6851 Sec. 163. Section 14-165 of the general statutes is repealed and the
6852 following is substituted in lieu thereof:

6853 Except when the context otherwise requires, as used in this chapter:

6854 (a) "Dealer" means a person engaged in the business of buying,
6855 selling or exchanging vehicles who is licensed under the provisions of
6856 chapter 246.

6857 (b) "Commissioner" means the Commissioner of Motor Vehicles.

6858 (c) "Identification number" means the numbers and letters, if any, on
6859 a vehicle designated by the commissioner for the purpose of
6860 identifying the vehicle.

6861 (d) "Implement of husbandry" means a vehicle registered as a farm
6862 vehicle or a vehicle designated and adapted exclusively for
6863 agricultural, horticultural or livestock-raising operations or for lifting
6864 or carrying an implement of husbandry.

6865 (e) "Lienholder" means a person holding a security interest in a
6866 vehicle.

6867 (f) "Owner" means a person, other than a lienholder, having the
6868 property in or title to a vehicle. The term includes a person entitled to
6869 the use and possession of a vehicle subject to a security interest in
6870 another person, but excludes a lessee under a lease not intended as
6871 security.

6872 (g) "Security agreement" means a "security agreement" as defined in
6873 [section 42a-9-105(1)(l)] subdivision (78) of subsection (a) of section
6874 42a-9-102, as amended by this act.

6875 (h) "Security interest" means a "security interest" as defined in

6876 [section 42a-1-201(37)] subdivision (37) of section 42a-1-201, as
6877 amended by this act.

6878 (i) "Special mobile equipment" means a vehicle not designed for the
6879 transportation of persons or property upon a highway and only
6880 incidentally operated or moved over a highway, including but not
6881 limited to, ditch-digging apparatus, well-boring apparatus and road
6882 construction and maintenance machinery such as asphalt spreaders,
6883 bituminous mixers, bucket loaders, street sweepers, tractors other than
6884 truck tractors, ditchers, leveling graders, finishing machines, motor
6885 graders, road rollers, scarifiers, earth moving carry-alls and scrapers,
6886 power shovels and drag lines, and self-propelled cranes and earth
6887 moving equipment. The term does not include house trailers, dump
6888 trucks, truck-mounted transit mixers, cranes or shovels, or other
6889 vehicles designed for the transportation of persons or property to
6890 which machinery has been attached.

6891 (j) "State" means a state, territory or possession of the United States,
6892 the District of Columbia, the Commonwealth of Puerto Rico or a
6893 province of the Dominion of Canada.

6894 (k) "Vehicle" means a motor vehicle as defined by section 14-1.

6895 (l) "Manufacturer's or importer's certificate of origin" means the
6896 original written instrument or document required to be executed and
6897 delivered by the manufacturer to [his] the manufacturer's agent or
6898 dealer, or a person purchasing direct from the manufacturer, certifying
6899 the origin of the vehicle.

6900 Sec. 164. Section 14-167 of the general statutes is repealed and the
6901 following is substituted in lieu thereof:

6902 This chapter does not apply to or affect: (a) A lien given by statute
6903 or rule of law to a supplier of services or materials for the vehicle; (b) a
6904 lien given by statute to the United States, this state or any political
6905 subdivision of this state; (c) a security interest in a vehicle created by a

6906 manufacturer or dealer who holds the vehicle for sale, but a buyer in
6907 the ordinary course of business, as defined in [section 42a-1-201(9)]
6908 subdivision (9) of section 42a-1-201, as amended by this act, takes free
6909 of the security interest, as stated in section [42a-9-307(1)] 40 of this act.

6910 Sec. 165. Section 14-185 of the general statutes is repealed and the
6911 following is substituted in lieu thereof:

6912 (a) Unless excepted by section 14-167, as amended by this act, a
6913 security interest in a vehicle of a type for which a certificate of title is
6914 required is perfected by the delivery to the commissioner of the
6915 existing certificate of title, if any, an application for a certificate of title
6916 containing the name and address of the lienholder and the date of [his]
6917 the security agreement and the required fee. It is perfected as of the
6918 time when it attached if such delivery is completed within twenty days
6919 thereafter, and without regard to the limitations expressed in section
6920 [42a-9-301 (2)] 42a-9-317, as amended by this act; otherwise it is
6921 perfected as of the time of such delivery.

6922 (b) An unperfected security interest is subordinate to the rights of
6923 the persons described in section [42a-9-301] 42a-9-317, as amended by
6924 this act, and section 43 of this act.

6925 (c) The rules of priority stated in [section 42a-9-312] sections 42 to
6926 44, inclusive, of this act, and the other sections therein referred to,
6927 shall, to the extent appropriate, apply to conflicting security interests
6928 in a vehicle of a type for which a certificate of title is required or in a
6929 "previously registered vehicle", as defined in section 14-201. A security
6930 interest perfected under this section or under section 14-201 is a
6931 security interest perfected otherwise than by filing for the purposes of
6932 [section 42a-9-312] sections 42 to 44, inclusive, of this act.

6933 (d) If a vehicle is subject to a security interest when brought into this
6934 state, [subsections (1), (2) and (3) of section 42a-9-103a state] section
6935 42a-9-316, as amended by this act, states the rules which apply to
6936 determine the validity and perfection of the security interest in this

6937 state.

6938 Sec. 166. Subsection (b) of section 16-245k of the general statutes is
6939 repealed and the following is substituted in lieu thereof:

6940 (b) A valid and enforceable security interest in transition property is
6941 perfected when it has attached and when a financing statement has
6942 been filed in accordance with part [4] 5 of article 9 of title 42a, as
6943 amended by this act, and sections 79 to 97, inclusive, of this act,
6944 naming the pledgor of the transition property as "debtor" and
6945 identifying the transition property. Any description of the transition
6946 property shall be sufficient if it refers to the financing order creating
6947 the transition property. In each case, the financing statement shall be
6948 filed as if the debtor were located in this state. A copy of the financing
6949 statement shall be filed with the department by the electric company
6950 or electric distribution company that is the pledgor or transferor of the
6951 transition property, and the department may require the electric
6952 company or electric distribution company to make other filings with
6953 respect to the security interest in accordance with procedures it may
6954 establish, provided that the filings shall not affect the perfection of the
6955 security interest.

6956 Sec. 167. Subsection (j) of section 16-245k of the general statutes is
6957 repealed and the following is substituted in lieu thereof:

6958 (j) As between bona fide assignees of the same right for value
6959 without notice, the assignee first filing a financing statement in
6960 accordance with part [4] 5 of article 9 of title 42a, as amended by this
6961 act, and sections 79 to 97, inclusive, of this act, naming the assignor of
6962 the transition property as debtor and identifying the transition
6963 property has priority. In each such case, the financing statement shall
6964 be filed as if the debtor were located in this state. Any description of
6965 the transition property shall be sufficient if it refers to the financing
6966 order creating the transition property. A copy of the financing
6967 statement shall be filed by the assignee with the department, and the
6968 department may require the assignor or the assignee to make other

6969 filings with respect to the transfer in accordance with procedures it
6970 may establish, but these filings shall not affect the perfection of the
6971 transfer.

6972 Sec. 168. Subsection (b) of section 22a-452a of the general statutes is
6973 repealed and the following is substituted in lieu thereof:

6974 (b) A lien pursuant to this section shall not be effective unless (1) a
6975 certificate of lien is filed in the land records of each town in which the
6976 real estate is located, describing the real estate, the amount of the lien,
6977 the name of the owner as grantor, and (2) the commissioner mails a
6978 copy of the certificate to the owner of record and to all other persons of
6979 record holding an interest in such real estate over which the
6980 commissioner's lien is entitled to priority. Upon presentation of a
6981 certificate of lien, the town clerk shall endorse thereon his
6982 identification and the date and time of receipt and forthwith record it
6983 in accordance with section [42a-9-409] 90 of this act.

6984 Sec. 169. Subsection (f) of section 32-23f of the general statutes is
6985 repealed and the following is substituted in lieu thereof:

6986 (f) The principal of and interest on bonds or notes issued by the
6987 authority may be secured by a pledge of any revenues and receipts of
6988 the authority derived from any project and may be additionally
6989 secured by a mortgage or deed of trust covering all or any part of a
6990 project, including any additions, improvements, extensions to or
6991 enlargements of any projects thereafter made. Such bonds or notes
6992 may also be secured by a pledge or assignment of a loan agreement,
6993 conditional sale agreement or agreement of sale or by an assignment of
6994 the lease of any project for the construction and acquisition of which
6995 said bonds or notes are issued and by an assignment of the revenues
6996 and receipts derived by the authority from such project. The payments
6997 of principal and interest on such bonds or notes may be additionally
6998 secured by a pledge of any other property, revenues, moneys, or funds
6999 available to the authority for such purpose. The resolution authorizing
7000 the issuance of any such bonds or notes and any such mortgage or

7001 deed of trust or lease or loan agreement, conditional sale agreement or
7002 agreement of sale or credit agreement may contain agreements and
7003 provisions respecting the establishment of reserves to secure such
7004 bonds or notes, the maintenance and insurance of the projects covered
7005 thereby, the fixing and collection of rents for any portion thereof leased
7006 by the authority to others or the sums to be paid under any conditional
7007 sale agreement or agreement of sale entered into by the authority with
7008 others, the creation and maintenance of special funds from such
7009 revenues and the rights and remedies available in the event of default,
7010 the vesting in a trustee or trustees of such property, rights, powers and
7011 duties in trust as the authority may determine, which may include any
7012 or all of the rights, powers and duties of any trustee appointed by the
7013 holders of any bonds and notes and limiting or abrogating the right of
7014 the holders of any bonds and notes of the authority to appoint a trustee
7015 under this chapter, chapter 578 and subsection (a) of section 10-320b,
7016 or limiting the rights, powers and duties of such trustee; provision for
7017 a trust agreement by and between the authority and a corporate trust
7018 which may be any trust company or bank having the powers of a trust
7019 company within or without the state, which agreement may provide
7020 for the pledging or assigning of any revenues or assets or income from
7021 assets to which or in which the authority has any rights or interest, and
7022 may further provide for such other rights and remedies exercisable by
7023 the trustee as may be proper for the protection of the holders of any
7024 bonds or notes and not otherwise in violation of law, and such
7025 agreement may provide for the restriction of the rights of any
7026 individual holder of bonds or notes of the authority and may contain
7027 any further provisions which are reasonable to delineate further the
7028 respective rights, duties, safeguards, responsibilities and liabilities of
7029 the authority; persons and collective holders of bonds or notes of the
7030 authority and the trustee; and covenants to do or refrain from doing
7031 such acts and things as may be necessary or convenient or desirable in
7032 order to better secure any bonds or notes of the authority, or which, in
7033 the discretion of the authority, will tend to make any bonds or notes to
7034 be issued more marketable notwithstanding that such covenants, acts

7035 or things may not be enumerated herein; and any other matters of like
7036 or different character, which in any way affect the security or
7037 protection of the bonds or notes, all as the authority shall deem
7038 advisable and not in conflict with the provisions hereof. Each pledge,
7039 agreement, mortgage and deed of trust made for the benefit or security
7040 of any of the bonds or notes of the authority shall be in effect until the
7041 principal of and interest on the bonds or notes for the benefit of which
7042 the same were made have been fully paid, or until provision has been
7043 made for payment in the manner provided in the resolution or
7044 resolutions authorizing their issuance. Any pledge made in respect of
7045 such bonds or notes shall be valid and binding from the time when the
7046 pledge is made; the revenues, money or property so pledged and
7047 thereafter received by the authority shall immediately be subject to the
7048 lien of such pledge without any physical delivery thereof or further
7049 act; and the lien of any such pledge shall be valid and binding as
7050 against all parties having claims of any kind in tort, contract or
7051 otherwise against the authority irrespective of whether such parties
7052 have notice thereof. Neither the resolution, trust indenture nor any
7053 other instrument by which a pledge is created need be recorded. The
7054 resolution authorizing the issuance of such bonds or notes may
7055 provide for the enforcement of any such pledge or security in any
7056 lawful manner. The authority may elect, notwithstanding the
7057 exclusions provided in [section 42a-9-104(e)] subdivision (14) of
7058 subsection (d) of section 42a-9-109, as amended by this act, to have the
7059 provisions of the Connecticut uniform commercial code apply to any
7060 pledge made by or to the authority to secure its bonds or notes by
7061 filing a financing statement with respect to the security interest created
7062 by the pledge. In each such case, the financing statement shall be filed
7063 as if the debtor were located in this state.

7064 Sec. 170. Section 36a-770 of the general statutes is repealed and the
7065 following is substituted in lieu thereof:

7066 (a) The Uniform Commercial Code. A transaction subject to
7067 sections 36a-770 to 36a-788, inclusive, 42-100b and 42-100c is also

7068 subject to the Uniform Commercial Code, title 42a, but in case of any
7069 conflict the provisions of sections 36a-770 to 36a-788, inclusive, 42-100b
7070 and 42-100c shall control.

7071 (b) Filing and recording. Section [42a-9-302] 42a-9-310, as amended
7072 by this act, determines the need for filing or recording to perfect a
7073 security interest, section [42a-9-301] 42a-9-317, as amended by this act,
7074 the persons who take subject to an unperfected security interest, and
7075 [sections 42a-9-302(3)(b) and 42a-9-401 to 42a-9-409, inclusive] section
7076 42a-9-311, as amended by this act, sections 42a-9-501 to 42a-9-507,
7077 inclusive, as amended by this act, and sections 79 to 89, inclusive, of
7078 this act, the place for such filing or recording.

7079 (c) Definitions. As used in sections 36a-770 to 36a-788, inclusive, 42-
7080 100b and 42-100c, unless the context otherwise requires:

7081 (1) "Boat" means any watercraft, as defined in section 22a-248, other
7082 than a seaplane, used or capable of being used as a means of
7083 transportation on water, by any power including muscular.

7084 (2) "Cash price" means the total amount in dollars at which the seller
7085 and buyer agreed the seller would transfer unqualified title to the
7086 goods, if the transaction were a cash sale instead of a sale under a retail
7087 installment contract.

7088 (3) "Commercial vehicle" means any domestic or foreign truck or
7089 truck tractor of ten thousand or more pounds gross vehicular weight
7090 or any trailer or semitrailer designed for use in connection with any
7091 truck or truck tractor of ten thousand or more pounds gross vehicular
7092 weight and which is not used primarily for personal, family or
7093 household use.

7094 (4) "Filing fee" means the fee prescribed by law for filing, recording
7095 or otherwise perfecting and releasing or satisfying a security interest,
7096 as defined in [section 42a-1-201(37)] subdivision (37) of section 42a-1-
7097 201, as amended by this act, retained or created by a retail installment

7098 contract or installment loan contract.

7099 (5) "Finance charge" means the amount in excess of the cash price of
7100 the goods agreed upon by the retail seller and the retail buyer, to be
7101 paid by the retail buyer for the privilege of purchasing the goods
7102 under the retail installment contract or installment loan contract.

7103 (6) "Goods" means (A) "consumer goods", as defined in [sections
7104 42a-9-105(1)(h) and 42a-9-109(1)] subdivision (23) of subsection (a) of
7105 section 42a-9-102, as amended by this act, and motor vehicles included
7106 under such [definitions] definition, having an aggregate cash price of
7107 fifty thousand dollars or less, and (B) equipment, as defined in [section
7108 42a-9-109(2)] subdivision (33) of subsection (a) of section 42a-9-102, as
7109 amended by this act, having an aggregate cash price of sixteen
7110 thousand dollars or less, provided such consumer goods or such
7111 equipment is included in one retail installment contract or installment
7112 loan contract.

7113 (7) "Installment loan contract" means any agreement made in this
7114 state to repay in installments the amount loaned or advanced to a retail
7115 buyer for the purpose of paying the retail purchase price of goods and
7116 by virtue of which a security interest, as defined in [section 42a-1-
7117 201(37)] subdivision (37) of section 42a-1-201, as amended by this act,
7118 is taken in the goods for the payment of the amount loaned or
7119 advanced. For purposes of this subdivision, "installment loan contract"
7120 does not include agreements to repay in installments loans made by
7121 the United States or any department, agency or instrumentality
7122 thereof.

7123 (8) "Lender" means a person who extends or offers to extend credit
7124 to a retail buyer under an installment loan contract.

7125 (9) A retail installment contract or installment loan contract is "made
7126 in this state" if: (A) An offer or agreement is made in Connecticut by a
7127 retail seller or a lender to sell or extend credit to a resident retail buyer,
7128 including, but not limited to, any verbal or written solicitation or

7129 communication to sell or extend credit originating outside the state of
7130 Connecticut but forwarded to and received in Connecticut by a
7131 resident retail buyer; or (B) an offer to buy or an application for
7132 extension of credit, or an acceptance of an offer to buy or to extend
7133 credit, is made in Connecticut by a resident retail buyer, regardless of
7134 the situs of the contract which may be specified therein, including, but
7135 not limited to, any verbal or written solicitation or communication to
7136 buy or to have credit extended, originating within the state of
7137 Connecticut but forwarded to and received by a retail seller or a lender
7138 outside the state of Connecticut. For purposes of this subdivision, a
7139 "resident retail buyer" means a retail buyer who is a resident of the
7140 state of Connecticut.

7141 (10) "Motor vehicle" means any device in, upon or by which any
7142 person or property is or may be transported or drawn upon a highway
7143 by any power other than muscular. For purposes of this subdivision,
7144 "motor vehicle" does not include self-propelled wheelchairs and
7145 invalid tricycles, tractors, power shovels, road machinery, implements
7146 of husbandry and other agricultural machinery, or other machinery
7147 not designed primarily for highway transportation but which may
7148 incidentally transport persons or property on a highway, or devices
7149 which move upon or are guided by a track or travel through the air.

7150 (11) "Retail buyer" means a person who buys or agrees to buy one or
7151 more articles of goods from a retail seller not for the purpose of resale
7152 or lease to others in the course of business and who executes a retail
7153 installment contract or an installment loan contract in connection
7154 therewith.

7155 (12) "Retail installment contract" means any security agreement, as
7156 defined in [section 42a-9-105(1)(l)] subdivision (73) of subsection (a) of
7157 section 42a-9-102, as amended by this act, made in this state, including
7158 one in the form of a mortgage, conditional sale contract or other
7159 instrument evidencing an agreement to pay the retail purchase price of
7160 goods, or any part thereof, in installments over a period of time and

7161 pursuant to which a security interest, as defined in [section 42a-1-
7162 201(37)] subdivision (37) of section 42a-1-201, as amended by this act,
7163 is retained or taken by the retail seller for the payment of the amount
7164 of such retail installment contract. For purposes of this subdivision,
7165 "retail installment contract" does not include a rent-to-own agreement,
7166 as defined in section 42-240.

7167 (13) "Retail installment sale" means any sale evidenced by a retail
7168 installment contract or installment loan contract wherein a retail buyer
7169 buys goods from a retail seller at a time sale price payable in two or
7170 more installments. The cash price of the goods, the amount, if any,
7171 included for other itemized charges which are included in the amount
7172 of the credit extended but which are not part of the finance charge
7173 under sections 36a-675 to 36a-685, inclusive, and the finance charge
7174 shall together constitute the time sale price. For purposes of this
7175 subdivision, "retail installment sale" does not include a rent-to-own
7176 agreement, as defined in section 42-240.

7177 (14) "Retail seller" means a person who sells or agrees to sell one or
7178 more articles of goods under a retail installment contract to a retail
7179 buyer.

7180 (15) "Sales finance company" means any person engaging in this
7181 state in the business, in whole or in part, of acquiring retail installment
7182 contracts from retail sellers or installment loan contracts from holders
7183 thereof, by purchase, discount or pledge, or by loan or advance to the
7184 holder of either on the security thereof, or otherwise.

7185 Sec. 171. Section 36a-779 of the general statutes is repealed and the
7186 following is substituted in lieu thereof:

7187 Any sales finance company may purchase or acquire from the
7188 original holder thereof or from any other sales finance company any
7189 retail installment contract or any installment loan contract on such
7190 terms and conditions as may be mutually agreed upon not inconsistent
7191 with the provisions of sections 36a-770 to 36a-788, inclusive, 42-100b

7192 and 42-100c. Such contracts constitute chattel paper, as defined in
7193 [section 42a-9-105 (1) (b)] subdivision (11) of subsection (a) of section
7194 42a-9-102, as amended by this act, and are governed by article 9 of title
7195 42a, as amended by this act, except as otherwise provided in said
7196 sections.

7197 Sec. 172. Section 42-160 of the general statutes is repealed and the
7198 following is substituted in lieu thereof:

7199 The owner of a self-service storage facility shall have a lien upon all
7200 personal property located at such facility for the amounts of any rent,
7201 labor or other valid charges incurred in relation to such personal
7202 property, for any valid expenses incurred in the necessary preservation
7203 of such personal property and for any expenses reasonably incurred in
7204 the sale or other disposition of such personal property pursuant to law.
7205 Such lien attaches on the date of default by the occupant.
7206 Notwithstanding the provisions of section [42a-9-310] 53 of this act,
7207 such lien shall not have priority over a lien or security interest which
7208 has attached or been perfected prior to such default.

7209 Sec. 173. Section 49-32a of the general statutes is repealed and the
7210 following is substituted in lieu thereof:

7211 (a) (1) Notices of liens upon real property for taxes payable to the
7212 United States and notices of liens upon real property for costs and
7213 damages payable to the United States, and certificates and notices
7214 affecting such liens shall be filed in the office of the clerk of the town in
7215 which the real property subject to a federal tax lien or other federal lien
7216 is situated. (2) Notices of liens upon personal property, whether
7217 tangible or intangible, for taxes payable to the United States and for
7218 costs and damages payable to the United States and certificates and
7219 notices affecting such liens shall be filed in the office of the Secretary of
7220 the State in accordance with subsection [(1) of section 42a-9-403] (a) of
7221 section 87 of this act.

7222 (b) Certification by the Secretary of the Treasury of the United States

7223 or [his] said secretary's delegate of notices of liens, certificates or other
7224 notices affecting tax liens or other federal liens entitles them to be filed
7225 and no other attestation, certification or acknowledgment is necessary.

7226 (c) (1) If a notice of federal tax lien or other federal lien, a refiling of
7227 a notice of tax lien or other federal lien or a notice of revocation of any
7228 certificate described in subdivision (2) is presented to the filing officer
7229 and (A) [he] the filing officer is the Secretary of the State, [he] said
7230 secretary shall cause the notice to be marked, held and indexed in
7231 accordance with the provisions of [subsection (4) of section 42a-9-403]
7232 section 90 of this act, as if the notice were a financing statement within
7233 the meaning of that section; or (B) [he] the filing officer is a town clerk,
7234 [he] such town clerk shall endorse thereon [his] such town clerk's
7235 identification and the date and time of receipt and forthwith record it
7236 in accordance with section [42a-9-409] 90 of this act. (2) If a certificate
7237 of release, nonattachment, discharge or subordination of any tax lien or
7238 other federal lien is presented to the Secretary of the State for filing,
7239 [he] said secretary shall (A) cause a certificate of release or
7240 nonattachment to be marked, held and indexed as if the certificate
7241 were a termination statement within the meaning of the Uniform
7242 Commercial Code, and (B) cause a certificate of discharge or
7243 subordination to be held, marked and indexed as if the certificate were
7244 a release of collateral within the meaning of the Uniform Commercial
7245 Code. (3) If a refiled notice of federal tax lien or other federal lien
7246 referred to in subdivision (1) or any of the certificates or notices
7247 referred to in subsection (b) is presented for filing with any other filing
7248 officer specified in subsection (a), [he] such filing officer shall record it
7249 in accordance with [subsection (2) of section 42a-9-409] section 90 of
7250 this act if the original was recorded or, if the original was filed,
7251 permanently attach the refiled notice or the certificate to the original
7252 notice of lien and enter the refiled notice or the certificate with the date
7253 of filing in any alphabetical federal tax lien index or other federal lien
7254 index on the line where the original notice of lien is entered. (4) Upon
7255 request of any person, the filing officer shall issue [his] a certificate
7256 showing whether there is on file, on the date and hour stated therein,

7257 any notice of federal tax lien or other federal lien or certificate or notice
7258 affecting the lien, filed on or after July 1, 1967, naming a particular
7259 person, and if a notice or certificate is on file, giving the date and hour
7260 of filing of each notice or certificate. The fee for such a certificate and
7261 for a copy of any notice of federal tax lien or other federal lien or notice
7262 or certificate affecting a federal tax lien or other federal lien shall be
7263 computed in accordance with [subsection (2) of section 42a-9-407]
7264 section 96 of this act.

7265 (d) Except as provided by subsection [(5) of section 42a-9-403] (a) of
7266 section 96 of this act, the fee for filing and indexing each notice of lien
7267 or certificate or notice affecting the tax lien or other federal lien is: (1)
7268 For a tax lien or other federal lien on real estate, as provided in section
7269 7-34a; (2) for a tax lien on tangible and intangible personal property,
7270 three dollars; (3) for all other notices, including a certificate of release,
7271 discharge, subordination or nonattachment, one dollar.

7272 Sec. 174. Subsection (a) of section 52-355a of the general statutes is
7273 repealed and the following is substituted in lieu thereof:

7274 (a) Except in the case of a consumer judgment, a judgment lien,
7275 securing the unpaid amount of any money judgment, including
7276 interest and costs, may be placed on any nonexempt personal property
7277 in which, by a filing in the office of the Secretary of the State, a security
7278 interest could be perfected under title 42a, as amended by this act. The
7279 judgment lien shall be created by filing a judgment lien certificate in
7280 the office of the Secretary of the State. For purposes of this section, the
7281 judgment lien shall be filed as if the debtor were located in this state.
7282 However, in the case of a debtor who is not located in this state, the
7283 judgment lien shall be effective only as to the debtor's tangible
7284 personal property that is located in this state.

7285 Sec. 175. Subsection (c) of section 52-380d of the general statutes is
7286 repealed and the following is substituted in lieu thereof:

7287 (c) A release of a judgment lien filed on personal property pursuant

7288 to section 52-355a, as amended by this act, is sufficient if it contains a
7289 description of the property released, the name and address of the
7290 judgment creditor and judgment debtor, and the file number of the
7291 judgment lien certificate in the office of the Secretary of the State. On
7292 presentation of such a statement of release to the filing officer in the
7293 office of the Secretary of the State, the filing officer shall mark the
7294 statement with the hour and date of filing and shall note the same on
7295 the index. The release shall be on a form prescribed by the Secretary of
7296 the State. On filing, the Secretary of the State may charge the fee
7297 prescribed by section [42a-9-403] 96 of this act for filing and indexing a
7298 termination statement.

7299 Sec. 176. Subsection (a) of section 52-572g of the general statutes is
7300 repealed and the following is substituted in lieu thereof:

7301 (a) Any holder in due course of a promissory note, contract or other
7302 instrument, other than an instrument issued in connection with a
7303 credit card transaction, evidencing an indebtedness, signed or
7304 executed by a buyer in connection with a credit transaction covering
7305 consumer goods, as defined in section [42a-9-109] 42a-9-102, as
7306 amended by this act, or for consumer services rendered, shall be
7307 subject to all of the claims and defenses which the buyer has against
7308 the seller arising out of the transaction or against the person or persons
7309 providing the services, limited to the amount of indebtedness then
7310 outstanding in connection with the credit transaction, provided the
7311 buyer shall have made a prior written demand on the seller with
7312 respect to the transaction.

7313 Sec. 177. Subsection (a) of section 53-129a of the general statutes is
7314 repealed and the following is substituted in lieu thereof:

7315 [(a) As used in this section, the words "debtor", "security
7316 agreement", "security interest", "collateral", "secured party" and
7317 "proceeds" shall have the meanings provided in sections 42a-9-
7318 105(1)(d), 42a-9-105(1)(l), 42a-1-201(37), 42a-9-105(1)(c), 42a-9-105(1)(m)
7319 and 42a-9-306(1), respectively.]

7320 (a) As used in this section:

7321 (1) "Collateral" has the same meaning as specified in subdivision
7322 (12) of subsection (a) of section 42a-9-102, as amended by this act;

7323 (2) "Debtor" has the same meaning as specified in subdivision (28) of
7324 subsection (a) of section 42a-9-102, as amended by this act;

7325 (3) "Proceeds" has the same meaning as specified in subdivision (64)
7326 of subsection (a) of section 42a-9-102, as amended by this act;

7327 (4) "Security agreement" has the same meaning as specified in
7328 subdivision (73) of subsection (a) of section 42a-9-102, as amended by
7329 this act;

7330 (5) "Security interest" has the same meaning as specified in
7331 subdivision (37) of section 42a-1-201, as amended by this act; and

7332 (6) "Secured party" has the same meaning as specified in
7333 subdivision (72) of subsection (a) of section 42a-9-102, as amended by
7334 this act.

7335 Sec. 178. Subdivision (6) of section 42a-10-102 of the general statutes
7336 is repealed and the following is substituted in lieu thereof:

7337 (6) A financing statement which contains the information required
7338 in section 42a-9-402 of the general statutes, revised to January 1, 2001,
7339 may be filed on or after October 1, 1961, in the place specified for filing
7340 in section 42a-9-401, of the general statutes, revised to January 1, 2001,
7341 with respect to transactions taking place before October 1, 1961. If a
7342 security interest arising from any such transaction was perfected under
7343 the law applicable thereto, filing under this title continues the
7344 perfected status of the interest. If any such interest was not perfected
7345 under applicable law, filing under this title perfects the interest from
7346 the time of filing. With respect to a chattel mortgage filed before
7347 October 1, 1961, as provided in section 49-96, or a contract of
7348 conditional sale filed before October 1, 1961, as provided in section 42-

7349 77, the financing statement need be signed only by the chattel
7350 mortgagee or conditional sale vendor as secured party and need not be
7351 signed by the chattel mortgagor or conditional vendee.

7352 Sec. 179. Section 42a-10-105 of the general statutes is repealed and
7353 the following is substituted in lieu thereof:

7354 (1) Transactions validly entered into after October 1, 1961, and
7355 before October 1, 1976, and which were subject to the provisions of
7356 title 42a of the general statutes, revised to 1975, and which would be
7357 subject to subsection (2) of section 42a-1-105, subsections (9) and (37) of
7358 section 42a-1-201 of the general statutes, revised to January 1, 2001,
7359 subsections (1) and (2) of section 42a-2-107, subsection (2) of section
7360 42a-5-116, subsection (1) of section 42a-9-102 of the general statutes,
7361 revised to January 1, 2001, sections 42a-9-103a to 42a-9-106, inclusive,
7362 of the general statutes, revised to January 1, 2001, 42a-9-114 of the
7363 general statutes, revised to January 1, 2001, 42a-9-203 to 42a-9-205,
7364 inclusive, of the general statutes, revised to January 1, 2001, 42a-9-301
7365 of the general statutes, revised to January 1, 2001, 42a-9-302 of the
7366 general statutes, revised to January 1, 2001, subsections (1) and (5) of
7367 section 42a-9-304 of the general statutes, revised to January 1, 2001,
7368 sections 42a-9-305 to 42a-9-308, inclusive, of the general statutes,
7369 revised to January 1, 2001, 42a-9-312 of the general statutes, revised to
7370 January 1, 2001, 42a-9-313 of the general statutes, revised to January 1,
7371 2001, 42a-9-318 of the general statutes, revised to January 1, 2001, 42a-
7372 9-401 to 42a-9-407, inclusive, of the general statutes, revised to January
7373 1, 2001, 42a-9-408a of the general statutes, revised to January 1, 2001,
7374 subsection (3) of section 42a-9-501 of the general statutes, revised to
7375 January 1, 2001, subsection (2) of section 42a-9-502 of the general
7376 statutes, revised to January 1, 2001, section 42a-9-504 of the general
7377 statutes, revised to January 1, 2001, subsection (2) of section 42a-9-505
7378 of the general statutes, revised to January 1, 2001, and sections 42a-10-
7379 105 to 42a-10-109, inclusive if they had been entered into after October
7380 1, 1976, and the rights, duties and interests flowing from such
7381 transactions remain valid after the latter date and may be terminated,

7382 completed, consummated or enforced as required or permitted by this
7383 title, as amended. Security interests arising out of such transactions
7384 which are perfected on October 1, 1976, shall remain perfected until
7385 they lapse as provided in this title, as amended, and may be continued
7386 as permitted by this title, as amended, except as stated in section 42-10-
7387 106.

7388 (2) A security interest for the perfection of which filing or the taking
7389 of possession was required under title 42a of the general statutes,
7390 revised to 1975, prior to October 1, 1976, and which attached prior to
7391 October 1, 1976, but was not perfected shall be deemed perfected on
7392 October 1, 1976, if this title, as amended, permits perfection without
7393 filing or authorizes filing in the office or offices where a prior
7394 ineffective filing was made.

7395 Sec. 180. Section 42a-10-106 of the general statutes is repealed and
7396 the following is substituted in lieu thereof:

7397 (1) A financing statement or continuation statement filed prior to
7398 October 1, 1976, which shall not have lapsed prior to said date shall
7399 remain effective for the period provided in title 42a prior to said date,
7400 but not less than five years after the filing.

7401 (2) With respect to any collateral acquired by the debtor subsequent
7402 to October 1, 1976, any effective financing statement or continuation
7403 statement described in this section shall apply only if the filing or
7404 filings are in the office or offices that would be appropriate to perfect
7405 the security interests in the new collateral under this title, as amended.

7406 (3) The effectiveness of any financing statement or continuation
7407 statement filed prior to October 1, 1976, that remains effective on the
7408 effective date of this act, may be continued by a continuation statement
7409 [as permitted by subsection (2) of section 42a-1-105, subsections (9) and
7410 (37) of section 42a-1-201, subsections (1) and (2) of section 42a-2-107,
7411 subsection (2) of section 42a-5-116, subsection (1) of section 42a-9-102,
7412 sections 42a-9-103a to 42a-9-106, inclusive, 42a-9-114, 42a-9-203 to 42a-

7413 9-205, inclusive, 42a-9-301, 42a-9-302, subsections (1) and (5) of section
7414 42a-9-304, sections 42a-9-305 to 42a-9-308, inclusive, 42a-9-312, 42a-9-
7415 313, 42a-9-318, 42a-9-401 to 42a-9-407, inclusive, 42a-9-408a, subsection
7416 (3) of section 42a-9-501, subsection (2) of section 42a-9-502, section 42a-
7417 9-504, subsection (2) of section 42a-9-505 and sections 42a-10-105 to
7418 42a-10-109, inclusive, except that if said sections and subsections
7419 require a filing in an office where there was no previous financing
7420 statement, a new financing statement conforming to section 42a-10-107
7421 shall be filed in that office] in the same manner that a financing
7422 statement or continuation statement filed under article 9 of title 42a of
7423 the general statutes, revised to January 1, 2001, may be continued
7424 under article 9 of title 42a in effect on and after the effective date of this
7425 act.

7426 (4) If the record of a mortgage of real estate would have been
7427 effective as a fixture filing of goods described therein if subsection (2)
7428 of section 42a-1-105, subsections (9) and (37) of section 42a-1-201 of the
7429 general statutes, revised to January 1, 2001, subsections (1) and (2) of
7430 section 42a-2-107, subsection (2) of section 42a-5-116, subsection (1) of
7431 section 42a-9-102 of the general statutes, revised to January 1, 2001,
7432 sections 42a-9-103a to 42a-9-106, inclusive, of the general statutes,
7433 revised to January 1, 2001, 42a-9-114 of the general statutes, revised to
7434 January 1, 2001, 42a-9-203 to 42a-9-205, inclusive, of the general
7435 statutes, revised to January 1, 2001, 42a-9-301 of the general statutes,
7436 revised to January 1, 2001, 42a-9-302 of the general statutes, revised to
7437 January 1, 2001, subsections (1) and (5) of section 42a-9-304 of the
7438 general statutes, revised to January 1, 2001, sections 42a-9-305 to 42a-9-
7439 308, inclusive, of the general statutes, revised to January 1, 2001, 42a-9-
7440 312 of the general statutes, revised to January 1, 2001, 42a-9-313 of the
7441 general statutes, revised to January 1, 2001, 42a-9-318 of the general
7442 statutes, revised to January 1, 2001, 42a-9-401 to 42a-9-407, inclusive, of
7443 the general statutes, revised to January 1, 2001, 42a-9-408a of the
7444 general statutes, revised to January 1, 2001, subsection (3) of section
7445 42a-9-501 of the general statutes, revised to January 1, 2001, subsection
7446 (2) of section 42a-9-502 of the general statutes, revised to January 1,

7447 2001, section 42a-9-504 of the general statutes, revised to January 1,
7448 2001, subsection (2) of section 42a-9-505 of the general statutes, revised
7449 to January 1, 2001, and sections 42a-10-105 to 42a-10-109, inclusive, of
7450 the general statutes, revised to January 1, 2001, had been in effect on
7451 the date of recording the mortgage, the mortgage shall be deemed
7452 effective as a fixture filing as to such goods under subsection (6) of
7453 section 42a-9-402 on October 1, 1976.

7454 Sec. 181. (NEW) Public act 96-198 applies to a letter of credit that is
7455 issued on or after October 1, 1996. Public act 96-198 does not apply to a
7456 transaction, event, obligation or duty arising out of or associated with
7457 a letter of credit that was issued before October 1, 1996.

7458 Sec. 182. (NEW) Any agreement for security in household furniture
7459 owned and in the possession of an individual and used primarily for
7460 housekeeping purposes shall be effective only to the extent that the
7461 agreement involves a purchase-money security interest as provided in
7462 section 42a-9-103 of the general statutes, as amended by this act.

7463 Sec. 183. Sections 42a-9-112 to 42a-9-116, inclusive, 42a-9-408a and
7464 42a-10-107 of the general statutes are repealed.

7465 Sec. 184. This act shall take effect July 1, 2001, except that sections 72
7466 to 97, inclusive, shall take effect July 1, 2002.

Statement of Purpose:

To revise Article 9 of the Uniform Commercial Code governing secured transactions to provide greater certainty to financing transactions by expanding the scope of property and transactions covered by the article and by simplifying and clarifying the rules for creation, perfection, priority and enforcement of a security interest.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]